

# MIND THE GAP

THE STATE OF  
EMPLOYMENT IN INDIA



ऑक्सफैम इंडिया  
**OXFAM**  
India



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**Ranu Kayastha Bhogal**  
**Commissioning Editor**

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# THE STATE OF EMPLOYMENT IN INDIA

WHAT THE REPORT SAYS

BY DIYA DUTTA



# OVERVIEW

## WHAT THE REPORT SAYS

Oxfam India released its first India Inequality Report in February 2018. This is an input for the global Even It Up! Campaign of Oxfam which is the inequality campaign. The first India Inequality Report 2018 authored by the well-known economist Himanshu, discussed the fundamentals of inequality in India. It stated that contrary to common perception, India is a highly unequal country on all counts of inequality. This means that inequality in India is multi-dimensional. There are inequalities in wealth, income and consumption, as well as structural inequalities of opportunity, region and social groups.

This particular report *Mind the Gap: The State of Employment in India* is building on the first report launched in February 2018. The first India Inequality Report, *Widening Gaps* (2018) stated that over the years, successive government policies favoured capital over labour. The nature of production in the organized manufacturing sector has also changed, with increasing share of profits and declining share of workers' wages in the net value added. Real wage growth in India has remained stagnant at a 1 percent annual rate between 1983 and 2013 as per the Annual Survey of Industries (ASI), 2015. Second, as globalization and neo-liberal economics took root, within labour, there was higher demand for skilled labour as opposed to unskilled labour neglecting sectors such as agriculture which employed a large

section of unskilled labour. The ASI data sheds light on declining gains to workers even though productivity has increased in manufacturing. While wage share was higher at around 30 percent in the early 1980s with profit share at only 20 percent, the shares changed after 1990s. In recent years, the share of profits in net value added has increased to more than 50 percent reaching a peak of more than 60 percent in 2007-08. While it has declined after the financial crisis, it continues to be above 50 percent of net value added in organized manufacturing. During the same time, the share of wages in value added declined to 10 percent and has remained thereabout in recent years.

Job creation and employment are key issues in fighting inequality. The first India Inequality Report observed that there is now growing concern that the development trajectory in the post-liberalization era has been a period of jobless growth. Despite a booming economy and increasing labour force, the process of job creation has been extremely sluggish. The outcomes on distribution of income and wealth are strongly linked to the processes in the labour market. There has been a sharp increase in the employment of informal workers in the organized sector, particularly in the private organized sector. The share of contract workers to all workers being employed was less than 20 percent in the beginning of this century. But

within a decade it increased to more than one-third. Contract workers not only suffer from the insecurity of tenure but are also paid less with no social security benefits.

The ASI brings out the emoluments received by various categories of workers. In the organized manufacturing sector, while workers' wages and emoluments of managerial staff were moving in tandem until the 1980s, they start diverging from the early 1990s and have continued to diverge further. By 2012, the last year for which data is available, managerial emoluments increased by more than 10 times but workers' wages have increased by less than 4 times.

In addition to the decline in the quality of employment over the last two decades, the decline in the number of jobs created and the skewed distribution of workers across sectors have contributed to rising inequality. These labour market outcomes are primarily a result of the fact that the gain from growth have been unevenly distributed, due to the nature of the growth process. Massive capital inflows after 1991 set off a domestic retail credit boom and along with fiscal concessions, this created an environment for a hike in consumption of the better-off households, which has enabled the rapid growth of Gross Domestic Product. However, the consumption demand of the masses has remained low. Successive governments have

aided the existing capital accumulation process, by allowing heavy corporate tax exemptions, appropriation of land and natural resources and by lax implementation of regulations.

The current report discusses in detail the crisis in the organized manufacturing sector but goes beyond and brings together the work of Oxfam India and sector experts on labour and employment to generate discussion around the State of Employment in India. It is topical as five years since the NDA II came to power, it is time to assess its scorecard on the jobs promises. The central thrust of all the chapters revolves around decent work or the lack of it and state-sponsored inequalities that are exacerbating problems of income and employment inequality in the country.

Specifically, the report analyses the state of employment in India from the lens of gender. Women's labour force participation in India is one of the lowest in the world. Women comprise half of the Indian population but make up less than a quarter of the labour force. Three in four Indian women do not work in the country (Garg and Shahi 2018). Looking at the extremely low levels of participation of women in the labour market makes one wonder whether the phenomenal success of India's economic transition forgot about its women and left them behind. This is an issue of inclusion and inequality of the labour trajectory in the country. Gender wage

gaps in India are highest in Asia—women are paid 34 percent less than men in the country for performing the same job with the same qualifications.

While inequality in jobs has increased, inequality in education has decreased between boys and girls. But this situation further exacerbates the crisis in jobs when it comes to women. Almost all girls go to primary school and 70 percent of girls between the age of 15 to 18 years are enrolled in school. They frequently outperform boys in secondary and senior secondary examinations (Desai 2019). But the denouement is not favourable for women—they are not finding suitable jobs for the skills that they have. There are economic and structural reasons behind high unemployment among women and why women even stop looking out for a job.

Young men with Class 10 or 12 education find jobs as mechanics, drivers, sales representatives, postmen and appliance repairmen. Few of these opportunities are available to women. Employment for women are available in farm sector as labourers or as manual labourers in non-farm construction sector. These have little appeal for girls with secondary and higher secondary education (Ibid).

Women drop out of the labour force because of the high burden of unpaid care work in households which is overwhelmingly a female responsibility. There are also social barriers to women's mobility outside the house which prevents them from engaging in paid labour. There are social constraints on owning land, whereby although an overwhelming number of women are responsible for farm activities in rural India, the ownership and control over land and income from land is controlled by men. According to IHDS 2012 data (Garg 2017), only 5 percent of women in India

had exercised their choice in deciding who to marry. Early age at marriage and childbirth has anecdotally emerged as a challenge to women joining the workforce (Garg and Shahi 2018).

This report focuses on some of these specificities of low labour force participation of women in India. We begin with **Wage Inequality and Minimum Wages in India** by Sakti Golder. Golder argues that income inequality gets corroborated by the movement of wages. Further, inequalities within various category of workers, reflected in 'wage inequalities', often contribute to overall inequality to a significant extent. If there is an increase in minimum wage level, the workers at the bottom strata benefit and it leads to increase in their wage earnings and may reduce wage inequality.

Against this backdrop, it would be worthwhile to mention that when Gross Domestic Product (GDP) grows faster than total labour compensation, the share of labour income (also called the 'wage share') falls relative to the capital income share (also called the 'share of profit') and it ultimately, leads to income inequality. In addition to the reduced share of wages in national income, several other factors, namely, wage differences across regions, gender pay gaps, wage differentials between contractual and regular employees, and wage differential across sectors (formal/informal and agricultural/non-agricultural), social background (caste/religion) are the important factors of wage inequality in India. As wages are the most important factor for the whole section of the wage earners and their families for maintaining a living standard, increasing real wages and moderating wage inequality would ultimately lead to reducing the overall inequality in India.

Remunerations are better in the organized sector, but only for regular workers. Even within regular

workers there exists a huge wage gap. Golder's analysis demonstrates that a large majority of workers in the Indian labour market still have low wages and lack job security and social protection. Golder directs attention to how wage inequality is determined by level of education, gender, category of workers, between agricultural and non-agricultural workers, organized and unorganized sector, and social background.

Further on, in the chapter on Inequality and Rural Employment, Ishita Mehrotra informs how Dalit poor women are forced into bonded labour due to the economic structure of the rural economy. There are gross violations of minimum wages and working conditions that are a worrying concern. Later on, Vaibhav Raaj, in his analysis of the Draft Code on Wages 2017 opines that decriminalizing non-payment of wages and bonuses amounts to a softening of approach of the government on the issue of forced labour.

Further, civil action is less likely than criminal action to deter labour rights violations. The denial of the right to representation by an advocate is a direct violation of the provisions of the Advocates Act, 1961. The government being one of the largest employers in India, the provisions of the Code effectively deny justice to millions of workers by exempting the government from the requirement of providing timely wages.

The Code recommends the fixing of a national minimum wage by the Central Government. However, it also allows differentiated levels of the national minimum wage for different states or geographical areas.

The provisions of the Code allowing different national minimum wage levels in different areas are self-defeating and essentially promote

lowering of wages in the states' race to the bottom for attracting investments.

We then move to a specific discussion on the distress in agricultural employment and which is primarily a female problem in the Chapter **Inequality and Rural Employment** by Ishita Mehrotra. Accessing stable, productive and well-paying jobs through the labour market is an important avenue out of poverty. This chapter looks at how this story has played out in the Indian countryside, with a focus on female labourers.

At the end of the first two decades of this millennium, what we see in our country is that despite high growth rates, jobs remain a huge challenge for India. This has to be understood with reference to the lopsided nature of Indian growth. The services sector accounts for more than half of India's GDP, but does not make a significant contribution in employment generation. While the share of agriculture in GDP has fallen over the years to about 14 percent presently, almost half the workforce (about 49 percent) still directly or indirectly depends on agriculture for livelihoods. Moreover, according to a NCEUS report (2008), in the early 2000s when India reported about 8 percent growth rate per annum, 77 percent of the population was poor and vulnerable. In fact, according to an ILO report (2016), overall rural employment grew at an average of less than 1 percent per annum in the period 1999-2000 and 2011-12. Simply put, India is recording high growth but at the same time large sections of its citizenry are struggling to survive on the margins.

Figures provide one side of the story. In a country like India which is characterized by deep inequalities, labour markets cannot be understood solely in an economic sense with reference to percentage of employment created,

poverty effects, extent of unemployment or underemployment, wage rates, etc. Labour markets, especially rural labour markets, are arenas of social relations where unequal power relations are a norm. Labour relations are based on a political economy of difference—of caste, gender, religion, region, asset base, capabilities, etc. These influence who can access what type of jobs, under what terms and conditions and with what labour market outcomes. Discrimination actually starts before one even enters the labour market.

India's working poor (just under 60 percent taking USD 2 as poverty line) are characterized by structural inequalities, degrees of informality, low wages, little or no social protection, very low levels of education, skills and health. There is a strong correlation between poverty and social identity. India's poor are also more likely to be Dalits, Adivasis, Muslims and then OBCs. Clearly then, India's growth has been unequal and based on exclusions.

While India's regional diversity precludes a uniform picture, the unpacking of agrarian neoliberal agenda, together with other historical changes relating to technological developments, changes in cultivation practices, fragmentation of landholdings with successive generations, etc., have culminated in a situation of rural distress and agrarian crisis with its class, caste and gender specificities. Small and marginal farmers (about 80 percent) and agricultural labourers are most affected by the agrarian crisis; a majority of them are Dalits, Adivasis; and unlike men, women labourers continue to be concentrated in agriculture due to socio-cultural restrictions and lack of appropriate alternate employment opportunities in villages.

Agriculture is no longer the mainstay of rural livelihoods. Various studies show that the share of total employment in agriculture fell sharply,

from 73.7 percent in 1993–94 to 59.4 percent in 2011–12. Dependence on agricultural employment is, however, a gendered phenomenon. Another study says that almost 75 percent of rural women are still engaged in agriculture.

Both men and women are diversifying out of agriculture, men more than women though. Such feminization of agriculture is not to be celebrated. A patriarchal ideology and local socio-cultural traditions confine women to the village where agriculture continues to be their most important (but insufficient) source of food and income. Male outmigration has also pushed women into taking on more responsibility of own cultivation and to perform wage labour to ensure daily households' survival. In a situation of declining agricultural employment without a corresponding increase in rural non-farm jobs, women are the worst affected. Lack of basic amenities and safety concerns also impede women's mobility. Declining female work participation rate is also indicative of the lack of skill training and employment opportunities that can be combined with care and reproductive economy responsibilities in addition to that of own cultivation.

Having introduced the problem that manifests itself among women workers in this country, we now move on to a central issue of this report, the decline in female labour force participation. Shamindra Roy and Partha Mukhopadhyay in their chapter, **What Matters for Urban Women's Work** undertake original analyses based on four publicly available data sets: (a) the various Economic Tables (B-series) and Primary Census Abstract of Census of India 2011, (b) NSS Employment-Unemployment Survey 2011-12, (c) IHDS panel and IHDS-II survey of 2011-12, and (d) NFHS-IV survey of 2015-16. They explore the different determinants that shape women's



workforce participation and contrary withdrawal from the labour force. Specifically, they focus on the urban non-farm sector. Their chapter demonstrates that a person's location, industrial structure, the caste one is born into, income levels, education and family structure, and the presence of children, especially small children in the household matter when it comes to women's workforce participation in India.

The explanations of low and declining Female Labour Force Participation (FLFP) in India focus around the helix of cultural constraints and low returns from work. Factors such as education—both self and husband's, lack of skills, the competing responsibility of family care work, and social disapproval of working women are advanced as important cultural constraints of FLFP. Concomitantly, issues of lower wages, low infrastructure provision, declining returns from agriculture and fragmentation of land and lack of 'suitable work' reduce the returns from work. Depending on the viewpoint, the policy discourse also varies; those privileging cultural explanations anticipate a slow change, while others argue that the solution lies in redressing structural constraints. This chapter tries to look a little deeper into this debate, to unpack viable interventions that could encourage more women to join the labour force.

In consonance with Golder's argument, Roy and Mukhopadhyay discuss established arguments on declining FLFP—that of wages. They argue that there is also wage discrimination, where similarly qualified women are paid less than men—a third less by some estimates (ILO 2018)—for similar jobs. This issue is taken up in detail in Golder's chapter.

They conclude that there are no silver bullets or simple answers to mitigate the inequality between

female and male labour force and workforce participation. Even though there is variation across the country, the participation rates of women in the workforce is low by international standards even in locations where it is relatively high in our context. Yet, it is important to pursue this, because the benefits are many and multi-faceted—ranging from economic advancement to a social environment that is more nurturing and facilitative for all genders, for this inequality is as much a loss for men as it is for others.

Underlying the distress that women workers face in rural agrarian economy or why women drop out of the labour force in large numbers, is the issue of overwhelming burdens of unpaid care and domestic work that women have to undertake. The chapter, **No Work Is Easy!** by Diya Dutta looks into the specificities of why women are unable to participate in the labour force, or where they do, they are burdened with excessive time poverty. This chapter is based on primary field research undertaken in the states of Bihar, Jharkhand, Uttar Pradesh and Chhattisgarh.

While unpaid care and domestic work is a global phenomenon, it is especially acute in India, where women's unpaid care and domestic work hours are second only to women in Kazakhstan whose GDP is one-sixteenth that of India.

Few contradictory trends have been witnessed in India since the beginning of the millennium. Since 2004-05, India's GDP scripted its highest growth ever, since the economic reforms began in 1991. At the same time FLFP declined sharply. In India, women comprise half of the population, but less than a quarter of women—23.7 percent participate in the labour market—both in organized and unorganized sectors. Further, despite the drop in FLFP, women's time poverty increased manifold.

Economic growth is gender blind and while it has, in the past, created some employment opportunities, these opportunities were superimposed on a social fabric that was gender unequal and indisposed towards women. Unpaid care and domestic work fall within this ambit of gender inequality leading to unequal opportunities for women in the labour market. For example, between 2000 and 2005, 60 million jobs were created in total, but women lost out as 14.6 million of those jobs were attributable to a rise in rural female unpaid family workers in the agriculture sector. This is because most of the paid jobs went to men and the unpaid jobs were left for women to take up. According to one study, women in India do almost 10 times as much unpaid work as men. It is estimated that if this unpaid care work is recognized and there is direct public investment in the care economy of 2 percent of GDP, then India will create 11 million new jobs.

The chapter is based on four hypotheses stemming from a paper written by Santosh Mehrotra and Sharmistha Sinha in 2017. The chapter hypothesises that (i) with girls enrolled in schools, adult women face increased burden of domestic work as the young girls are unable to lend a helping hand; (ii) over a 5-year period, women's unpaid care and domestic work has increased manifold which is preventing them from participating in the labour market; (iii) due to increasing nuclearization of households, there are fewer adult women to lend support to unpaid care and domestic work putting greater pressure on single/fewer women to perform these tasks; (iv) how fiscal policies such as the Ujjwala Scheme and the National Drinking Water Programme could help achieve gender equality and improve women's labour force participation in India.

Among the findings, there is resonance with discussions in other chapters: For example,

Mehrotra in her Rural Employment chapter talks about how outmigration is linked to withdrawal of women from wage labour and them bearing the uneven burden of unfree labour relations. Returning migrants, she says, do not want their women to continue working in the field of upper caste-classes because it is a reflection on their honour and pride—that as breadwinners they could not provide for their families. Dutta in her field study, encountered such women too. Such women were engaged in status generation, not necessarily of themselves but of their families. They bore the excessive burden of unpaid care work and the leisure time that they managed was not indicative of their improved status within the household but of a further weakening of their decision-making power in the absence of the opportunity to work and earn an income.

Second, negative social norms bind women and girls deeply to their domestic work duties. So while it is true that more and more girls are enrolled in schools, their unpaid care and domestic work responsibilities lead to extreme time poverty.

Roy and Mukhopadhyay found that women with small children showed a slight tendency towards shift from full-time to part-time work. In Dutta's study, it was also evident, that high burden of unpaid care and domestic work including child minding encouraged women to seek part-time and home-based work so that they were better able to juggle their unpaid care work and income generating work responsibilities.

Vaibhav Raaj's chapter on **Labour Law Reforms in India** invokes a recent speech delivered by the Prime Minister of India. In January 2018, the Prime Minister of India asserted: 'If someone opens a "pakoda" shop in front of your office, does that not count as employment? The person's daily earning of INR 200 will never come into any

books or accounts. The truth is massive people are being employed.’ In other words, informal self-employment must be counted as ‘respectable’ employment generated by the economy.

In effect, this assertion can be read as a statement of the government’s policy approach to labour in the following manner. Informality, particularly with regard to job and income security, is not necessarily undesirable. Underemployment in the form of self-employment is acceptable if promoted as entrepreneurship. The traditional methods of estimating employment-generation are redundant for they fail to account for such entrepreneurial self-employment. Income that borders on the international poverty line of USD 1.90 (INR 121.37) is also acceptable. And by implication, people can create their own employment if left to the market; the government has only a supportive role.

It remains to be seen how unprotected informal employment can contribute to meet the objectives of the ‘decent work’ agenda embedded in the Sustainable Development Goal 8 of the United Nations. This combined with SDG 10 on inequality makes for a volatile situation.

In India, economic categories and social categories overlap. Thus, Raaj states that the pakoda-sellers of India belong to the policy category of street vendors. They also largely belong to another key administrative category used for affirmative action measures—the Other Backward Classes (OBCs). The informal workers not only suffer poor conditions of work, but also lack access to comprehensive social security.

The National Commission for the Enterprise in the Un-organised Sector (NCEUS) 2007 report found that almost 8 out of 10 Indians lived on less than INR 20 a day (USD 0.28 a day). Further the report

estimated that nearly 9 out of every 10 persons of Scheduled Castes (SCs) and Schedule Tribes (STs), 8 out of every 10 OBCs (except Muslims), more than 8 out of every 10 Muslims (except SCs and STs) and more than 5 out of every 10 other persons (excluding SCs/STs, OBCs and Muslims), belonged to the ‘poor and vulnerable’ in India in 2004-05. This poor and vulnerable category was a sum total of the ‘extremely poor and poor’ and ‘marginal and vulnerable’ categories—overall living on less than USD 2 (at PPP terms) per day in 2004-05. That this poverty and vulnerability has a social character is amply clear from the NCEUS data where the dalits, adivasis, OBCs and Muslims are 25 to 30 percent more likely to be poor and vulnerable than other social classes. Of the total population in this category, nearly 79 percent could be classified as unorganized workers. In the years since the NCEUS findings of 2004-05, latest available data shows that the disparity in incomes for most social groups and women has either increased or remained stagnant.

This chapter focuses on underscoring that structural inequalities rooted in caste, gender, religion make imperative the redressal of such inequalities through labour market regulation. It offers a critical assessment of the draft Labour Codes under debate at present and highlights the positives and challenges of the current form of the codes if implemented through law.

In the chapter on **Inequality in the Formal Manufacturing Sector** by Tomojit Basu, Basu states that the structure of employment in the country’s organized (or formal) manufacturing sector has changed considerably since the economic reforms of 1991. Contract workers have increasingly substituted permanent (or directly hired) workers to the extent that the former now make up more than a third of all workers in formal manufacturing.

Unfair terms of service, low remuneration and wage inequality for casual workers was flagged by the International Labour Organization (ILO) in the India Wage Report released in August 2018. Using national data from the government's National Sample Survey Office's Employment and Unemployment Surveys, it estimated that 62 percent (121 million) of India's employed population were casual workers which included contract workers. Despite 7 percent annual average GDP growth over the last two decades and a doubling of real wages between 1993-94 and 2011-12, the report stated the Indian labour market continuing to be characterized by 'high levels of segmentation and informality'.

Increasing 'informalization' (or casualization) of the workforce, among other factors, stymies India's ability to pursue inclusive growth. Contractualization, both within the organized and unorganized manufacturing sectors, has contributed to limiting inclusive economic growth by widening wage inequality even if wages have grown at a faster clip for contract workers over the last decade. Social protection and collective bargaining for and by workers has also suffered due to labour casualization since contract workers are likely to be fired easily and are not covered by various legislative provisions.

Given that the trend of contractualization is likely to continue, it is important to examine the causes behind the expansion of contractual labour and how the trend has impacted wages in formal manufacturing. It is equally important to assess the difference in earned wages between workers and supervisory staff in organized manufacturing to be able to determine the wage divide between different classes of workers.

This chapter, thus, attempts to capture the reasons for the shift to contractual workers and highlight key wage trends within organized manufacturing using secondary literature and analysis derived from ASI data between 2005-06 and 2015-16.

Like Raaj's chapter, Basu analyses two labour laws that impact inequality in organized manufacturing sector. These are the Industrial Disputes Act (1947) and The Contract Labour (Regulation and Abolition) Act (1970).

While employment flexibility is likely to remain a core issue in the organized manufacturing sector, Raaj opines that a necessary fallout of flexibilization is the weakening of trade union movements in India. The trajectory of reforms reflects a tendency towards large scale deregulation on the one hand, and stricter state control over trade unions on the other. Providing for very stringent norms for the governance of trade unions through the Labour Code on Industrial Relations (LCIR) 2015, can easily become the means for interfering with union activities. In fact, while the registration of a trade union for the unorganized sector may become easier, the cancellation of a union's registration in any sector can be even more swift under the LCIR. Further, the intent of pre-empting and preventing almost all forms of collective actions by organized labour is amply clear in the LCIR and the Small Factories Bill, 2014. The LCIR reverses the barriers to retrenchment and layoffs put in place by the 1982 amendment to the Industrial Disputes Act. Moreover, it legitimizes fixed term employment. For smaller factories, closures are to be made much easier.

Basu concludes by saying that lower wages provided to such workers with little to no social

security coverage as well as the growing share of wages accruing to the managerial class appears to be furthering a race to the bottom of the wage ladder. This ultimately hinders vertical mobility for Indian workers. Further, the erosion in bargaining power for permanent workers as a fallout of the changing dynamics of India's labour market is a dimension that requires greater scrutiny. There is definitely a case to be made for decent work and fair wages for Indian workers employed in formal manufacturing.

Much has been said on the issue of decent work. Yet, this is a country, where one's caste, class, religion and gender determine what kinds of work one can and one cannot do. This forms the subject of discussion in the next chapter by Sumeet Mhaskar on **The State of Stigmatized Employment in India**.

Labouring in India has been historically linked with social institutions such as gender, caste and religion. These institutions have played a crucial role in assigning occupations to individuals based on their membership to the *jatis* (sub-castes) they are born into. Individual membership to the *jatis* decided what occupations one can do and most importantly what one cannot do. The transformations in social, political and economic spheres resulted in the constant reworking of these institutions. Notwithstanding these transformations, socially disadvantaged groups continue to face barriers from entering into occupations that were carried out by the privileged social groups. As a result, the former were compelled to work in stigmatized occupations.

This chapter examines the state of these stigmatized occupations in India and the interventions made by the workers and civil society organizations. The chapter also explores

the state's response in terms of policies designed to address the working and living conditions of those engaged in the stigmatized occupations. What factors explain the persistence of stigmatized occupations in India? Which social groups are engaged in each of the stigmatized occupations? What are the factors that prohibit the state and society to put an end to these inhuman and hazardous occupations?

Poor investment in education by the state is leaving the masses with inadequate qualifications and skills to take on better quality jobs in the country. The case of stigmatized employment is a classic example of this condition. Thus Mhaskar argues that the role of social institutions continues to remain relevant for an individual's access to occupational choices. More crucially, past discrimination has a bearing upon the present day inequalities faced by marginalized groups that is revealed by the ghettoization of occupational choices for socially marginalized groups. State agencies too have contributed to the perpetuation of these inequalities by failing to provide quality education and access to various resources to these historically disadvantaged groups.

Coming back to Raaj's contention about how the current government is systematically discouraging secure jobs with social security benefits, Mhaskar opines that given the perennial nature of work, the overwhelming majority of the sanitation workers should have been part of the organized workforce. However, the state authorities have found ways to defy the contract labour regulations and hire a large majority of the sanitation workforce through contractors. Due to the contractual arrangement, workers are then deprived of all other social security benefits that are available to a regular employee such as paid leave, gratuity, bonus, medical facilities and

retirement benefits. One, therefore, encounters sanitation workers and manual scavengers with lower wages.

Roy and Mukhopadhyay had argued that a number of states have specific regulations about workplace conditions for women which affect the incentive of employers to employ women. These act as employment dampeners. In the case of butchering and leather industry, Mhaskar demonstrates how these conditions are reversed and marginalized communities, especially women are exploited. In the case of leather industry, the Factories Act, 1948 prohibits women and children from working in these industries. However, employers have been flouting these regulations resulting in an illegal expansion of the leather industry where women belonging to Dalit castes are hired. Given the illegality involved in the hiring, the employees are neither in a position to claim legal protection nor any other benefits under welfare schemes offered by the central, state or local governments. Besides, the wages women receive are consolidated and they do not receive any additional payment for extra work.

Finally, we end with yet another important dimension of the employment debate—that of social security. Ravi Srivastava in his chapter **Inequality and Social Security in India** explores why the state has failed to address the inequalities and job insecurities that SC, ST, Muslims, OBCs and women face through its social security and welfare programmes.

The Indian economy comprises a small section of workers with social security. Another small percentage of the remaining informal workers are relatively privileged with a high level of income security and the ability to acquire adequate levels of social security through the market. For the bulk

of the remaining workers, who face high levels of employment, health and income insecurity, poverty and vulnerability co-exist, feeding into an eco-system of rising inequality. The NCEUS has shown that socially discriminated groups (SC, ST, Muslim) and women workers are over-represented among the poor and vulnerable. Moreover, women form a distinct group, whose contribution as workers in own account units, and in social reproduction tasks is not recognized and, therefore, they are not considered eligible for social security.

Social security is recognized as a human right, in India, as well as internationally. It is also known to play an important redistributive role. This chapter will focus on contingent or protective social security, which covers a narrower set of public measures, which are generally backed by legislative entitlements.

This chapter considers the debates around, and the expansion of social security in India in the current century. Since 2014-15, the Central government has attempted to build an edifice of social security measures which are in the nature of contributory social insurance. Further, the Ministry of Labour and Employment has prepared a Draft Social Security Code. The Code aims to provide a basic minimum universal social security to all workers but has simultaneously proposed far-reaching changes in the delivery system without adequate discussion regarding feasibility and efficiency. Although the second draft proposed in 2018 has modified some of the earlier proposals, the underlying assumption still appears to be that a contributory system can form the core of a social security system for India's informal workers.

While we do not have disaggregated figures for targets achieved in recent years, this chapter will

discuss the possible ramifications of the direction in which the attempt to expand social security coverage is being made in India, and whether this has potential implications for the widening inequality being witnessed.

While the report has covered a lot of ground on the employment debate, crucial areas such

as migration, state sponsored employment, the larger debate around social protection, specifically on Universal Basic Income or its variant, the Minimum Income Guarantee have been beyond the scope of the present report. These are nonetheless important issues and need to be explored further.

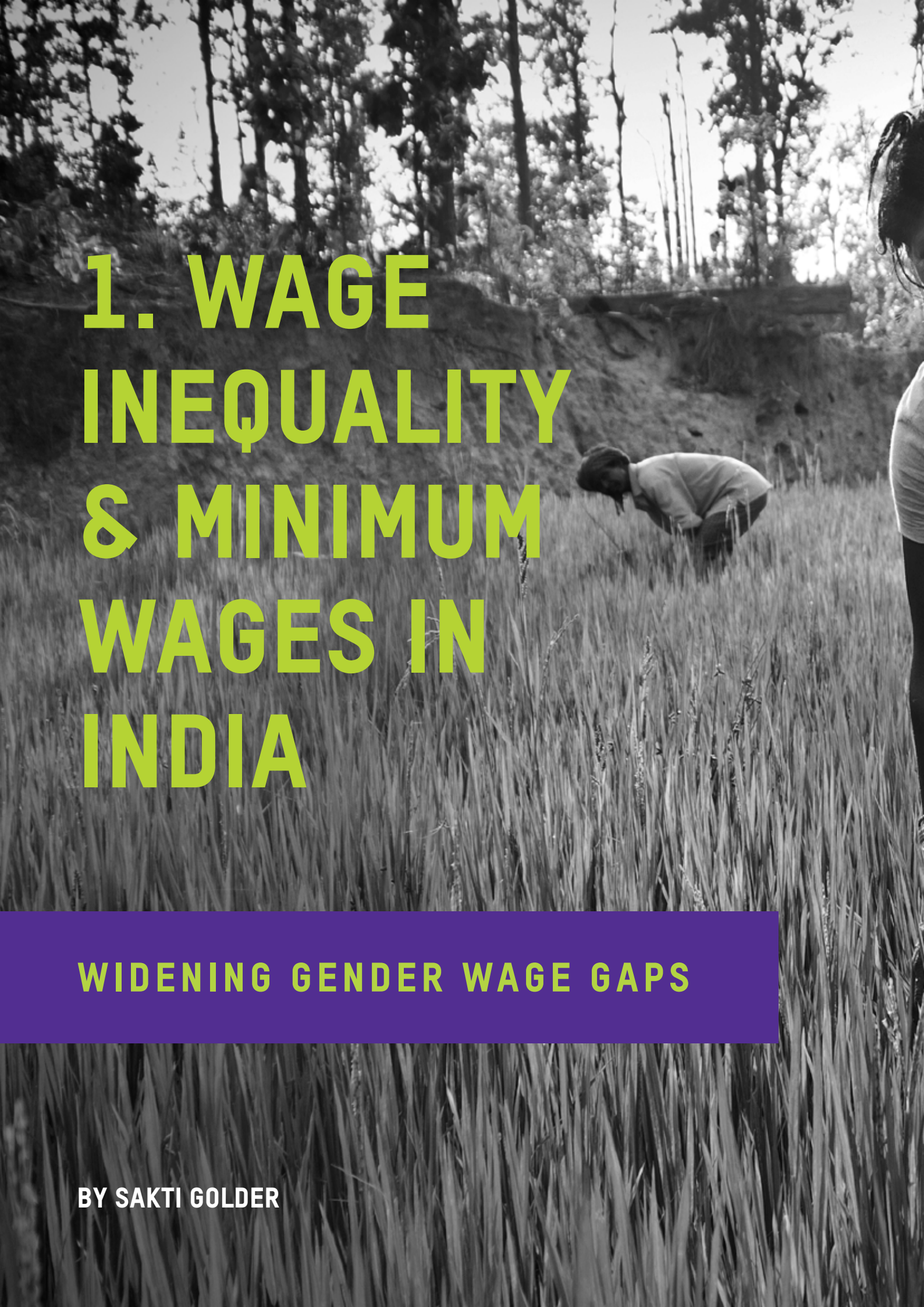
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# 1. WAGE INEQUALITY & MINIMUM WAGES IN INDIA

WIDENING GENDER WAGE GAPS

BY SAKTI GOLDER







The national average daily wage in 2011-12 was estimated at **INR 247**. But, daily wages was more than twice as high in urban areas (**INR 384**) compared to rural areas (**INR 175**).



Average wage paid for casual work was only **36%** of the compensation received by regular/salaried workers in 2011-12.



In 2011-12, the Gender Pay Gap was **34%** in India, that is, women are still getting **34%** less compared to their male counterparts.



As per the State of Working India Report (SWI 2018 henceforth), in 2015, total **82%** of men and **92%** of women are earning less than **INR 10,000** per month.



On an average, in 2011-12, the wage difference of regular workers (compared to the casual workers) in the organized sector was **3.1** times higher in the primary sector, **2.6** times higher in the tertiary sector and **2.3** times higher in the secondary sector.



As per the SWI 2018, even among regular wage workers, more than half (**57%**) have monthly average earnings of **INR 10,000** or less, well under the Seventh Central Pay Commission (CPC) minimum stipulated salary of **INR 18,000** per month.



SC and ST workers received, on an average, **15%** lower wages than other workers in both public and private sectors.

The SWI 2018 states that in 2015, the SCs, STs and OBCs earned only **56%**, **55%** and **72%** respectively of upper caste earnings.



## 1.1 WHY DO WE NEED TO STUDY WAGE INEQUALITY?

Income inequality gets corroborated by the movement of wages. Further, inequalities within various category of workers, reflected in 'wage inequalities', often contribute to overall inequality to a significant extent. If there is any increase in the minimum wage level, the workers at the bottom strata benefitted and it leads to increase in their wage earnings and may reduce wage inequality. Higher earnings would also lead to increase in the consumption level of the bottom strata and reduce consumption inequalities as well. So, wage inequalities and minimum wages always have a special importance in the discourse on inequality. From this perspective, the issues of wage growth and wage inequality are rightly placed at the centre of the present global development agenda. Sustainable Development Goal (SDG) 8 calls for 'sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all', and the global community is committed for that. The goal also highlights the importance of achieving 'equal pay for work of equal value'. Further, SDG 10 seeks to reduce all forms of inequalities within and among countries, and as the means to achieve that goal it calls to action for income growth of the bottom 40 percent of the population along with other progressive measures. In most of the countries, this bottom 40 percent consists largely

of wage earners and therefore, this global call reiterates the importance of wage-led strategy of reducing inequality. In the aftermath of the recent global economic crisis in 2008, there has been a renewed interest in wage policies and policy tools such as minimum wages, which was relatively neglected during the 1980s and 1990s (Papola & Kannan 2017). Presently, these types of policies are equally relevant for India as well, given the extreme level of inequality. The India Wage Report 2018 clearly points out that 'low pay and wage inequality remain a serious challenge to India's path to achieving decent working conditions and inclusive growth.'

On this backdrop, it would be worthwhile to mention that when Gross Domestic Product (GDP) grows faster than total labour compensation, the share of labour income (also called the 'wage share') falls relative to the capital income share (also called the 'share of profit') and it ultimately, leads to income inequality.<sup>1</sup> In addition to the reduced share of wages in national income, several other factors, namely, wage differences across regions, gender pay gaps, wage differentials between contractual and regular employees, and wage differential across sectors (formal/ informal and agricultural/non-agricultural), social background (caste/religion) are the important factors of wage inequality in India. As wages are the most important factor for the whole section of wage earners and their

<sup>1</sup> In the aggregate level, the core driver of economic inequality in an economy is the distribution of the national income between the labour force (wages & salaries) and different forms of surplus (profits, rents and interest etc.). Inequality is not only a concern in terms of national income but also at the personal income level. A higher concentration of wages in the hands of the top earners creates inequality that can affect economic stability. In addition, it can challenge the notion of social justice and undermine social cohesion (ILO, 2012).



families for maintaining a living standard<sup>2</sup>, increasing real wages<sup>3</sup> and moderating wage inequality would ultimately lead to reducing overall inequality in India.

Keeping in mind the fact that various forms of inequalities is steadily increasing (Oxfam 2018) in India over the years, this chapter will analyse the different dimensions of wage inequality. Before going into to the specific issues on wages, it is also important to comprehend the main characteristics and structure of employment in India, which will be discussed in the first section. Section two describes different dimensions of wage inequality and its extent. The third section will discuss on the aggregate level wage inequalities across different deciles and percentiles of workers. The next section discusses some issues around the implementation status of minimum wages in India. On the basis of the discussion, the chapter will attempt to find out some feasible policy options to address the problems.

## 1.2 CHARACTERISTICS AND STRUCTURE OF EMPLOYMENT IN INDIA

As per the latest Employment Unemployment Survey (EUS) 2011-12 done by the National Sample Survey Organization (NSSO), there were

402 million persons aged between 15 to 64 years were employed and the composition of men and women were 290 million (72 percent) and 112 million (28 percent) respectively. This indicates a very low level of work participation rate for women. More than half (51.4 percent, or 206 million people) were self-employed out of the total employed (402 million) in 2011-12. The remaining 195 million of the total employed were wage earners and out of these wage earners, 121 million (62 percent) were employed as casual<sup>4</sup> workers. So, only 74 million (38 percent) persons were employed as regular<sup>5</sup> employees. Among women workers only 30 percent were in regular/salaried employment.<sup>6</sup> So, it is evident that the larger proportion of wage workers are casual workers. In addition, an overwhelming majority of the workforce is classified as self-employed. Self-employed workers eke out a living either based in their homes or outside, by engaging in activities characterized as 'Own Account Work'. Papola & Kannan (2017) opines that these types of self-employment is nothing but disguised wage labour engaged in earning activities that are strongly dependent on local markets and domestic consumptions, namely, in petty trading such as street-vending, etc. Therefore, any change in the wages of wage workers will have an impact on the earnings of this group of disguised wage labourers as well.

2 Further, wages are also important for them for access to the important services like health, education for their children, etc., which further enable them to come out of poverty and in turn contributing in reducing inequality.

3 Real wages show the value of wages adjusted for inflation. So, real wages are the purchasing power of nominal wages.

4 Casual labour: A person who is casually engaged in others' farm or non-farm enterprises (both household and non-household) and, in return, receives wages according to the terms of the daily or periodic work contract, was considered as casual labour (NSSO 2014: 17). Employment in the organized sector has grown, but even in this sector many jobs have been casual or informal.

5 Regular wage/salaried employee: These are persons who work in others' farm or non-farm enterprises (both household and non-household) and, in return, receive salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract). This category includes not only persons getting time wages but also persons receiving piece wages or salary and paid apprentices, both full-time and part-time.

6 All these figures are ILO estimates based on the NSSO data.

## 1.3 DIFFERENT DIMENSIONS AND EXTENT OF WAGE INEQUALITY

Given the high levels of segmentation and informality, in both unorganized (formal) and informal labour market, there is multiplicity of wage rates. Further, wages can also differ across industries and even within industries among skilled, semi-skilled and unskilled workers. The wages can also differ on the basis of gender and social identity as well. Across various regions and states, there are also wide variations of wages.

### 1.3.1 Overall Wage Trends and Wage differences

Several studies, such as, Karan and Sakthivel (2008) and Sarkar and Mehta (2010) found that wage growth for both regular and casual workers has shown a positive trend at the aggregate level irrespective of rural and urban areas. Additionally, it has been found that wage growth has slowed

down in the post-reform period (Karan & Sakthivel 2008). Rise in real wages during 2004–05 to 2011–12, was higher than the rise in the previous period. The factors behind this rise in real wages are: (a) agricultural growth along with periodic revision of support prices, (b) the implementation of MGNREGA, which stipulated minimum wages as part of social spending (Jose 2016), and (c) employment dynamics in the construction sector (Chandrasekhar and Ghosh 2015).

During the period from 1993–94 to 2011–12, the real average daily wages<sup>7</sup> has almost been doubled and the increase is more prominent in rural areas compared to urban areas. If the entire period of 1993–94 to 2011–12 is taken into account, the average annual growth rate in real wages for all workers was 3.7 percent per year (Table 2.1). It is evident that real wage growth rate increased from 2.6 percent (period 1993–94 to 2004–05) to 5.6 percent per annum (period 2004–05 to 2011–12). So, from 2004–05 to 2011–12, the real wage growth was substantially higher than the previous period.

**TABLE 1.1 REAL AVERAGE DAILY WAGES AND AVERAGE ANNUAL WAGE GROWTH OF RURAL AND URBAN WORKERS**

	REAL DAILY WAGES (INR) BASE YEAR 2011–12			COMPOUND AVERAGE ANNUAL GROWTH (%)		
	1993 –94	2004 –05	2011 –12	1993–94 to 2004–05	2004–05 to 2011–12	1993–94 to 2011–12
<b>Rural workers</b>	86	122	175	3.2	5.3	4.0
<b>Urban workers</b>	218	282	384	2.4	4.5	3.2
<b>All workers</b>	128	169	247	2.6	5.6	3.7

**Note:** It is possible that the growth rate of wages of all workers may exceed the growth rates of wages for rural workers and urban workers in some years, due to changes in the composition of employment.

**Source:** ILO estimates based on NSSO data.

<sup>7</sup> Nominal wages adjusted for changes in consumer prices.

The national average daily wage in 2011-12 was estimated at INR 247, although there was a substantial gap between rural and urban areas. Despite the higher increase of daily wages in rural areas during 1993-94 to 2011-12, daily wages still remain more than twice as high in urban areas (INR 384) as those in rural areas (INR 175) (Table 2.1). Several others studies, such as, Hnatkowska & Lahiri, 2012 and IHD, 2014 also found substantial disparities between rural and urban wages although the wage gap is getting narrowed down over the years.

### 1.3.2 Wage Trends of Regular and Casual Workers

Over the years, the wages of casual workers increased more than that of regular workers in India. It is visible from Table 2.2 that during 1993-94 and 2011-12, daily wages of casual workers has grown by 3.7 percent per annum compared to the regular/salaried workers, whose wages have increased by 3 percent during the same period. However, in absolute terms, during the period from 1993-94 to 2011-12, daily wages of regular workers have increased by INR 165, whereas it has increased by only INR 68 for the casual workers.

This increase could mainly be attributable to the MGNREGA. Due to the relatively higher minimum wages in MGNREGA and most importantly, for gender wage parity in the programme, overall wages of the casual workers has increased during the period from 2004-05 to 2011-12. However, despite the higher percentage increase of wages of casual workers, a large gap still persists. The India Wage Report 2018 (ILO) found that average wage paid for casual work was still only 36 percent of the compensation received by regular/salaried workers in 2011-12. In the same year, the median wage for regular/salaried of INR 232 was significantly higher compared to the wages of casual workers of INR 120.

### 1.3.3 Gender Wage Gap

Gender-based discriminations are very prominent in Indian labour market and the practice is common across various sectors. There are substantial gender gaps across various sectors. Irrespective of employment category (casual and regular/salaried) and location (urban and rural), women workers are paid a lower wage rate (Table 2.3). Table 2.3 shows the male and female wage rates of casual and regular workers

**TABLE 1.2 REAL AVERAGE DAILY WAGES AND AVERAGE ANNUAL WAGE GROWTH OF REGULAR AND CASUAL WORKERS**

	REAL DAILY WAGES (INR) BASE YEAR 2011-12			COMPOUND AVERAGE ANNUAL GROWTH (%)		
	1993 -94	2004 -05	2011 -12	1993-94 to 2004-05	2004-05 to 2011-12	1993-94 to 2011-12
<b>Regular workers</b>	231	297	396	2.3	4.2	3.0
<b>Casual workers</b>	75	90	143	1.8	6.8	3.7
<b>All workers</b>	128	169	247	2.6	5.6	3.7

**Source:** Estimates based on NSSO data, India Wage Report 2018, ILO.

**TABLE 1.3 AVERAGE DAILY WAGES, BY SUB-GROUP AND GENDER, 2011-12 (INR IN NOMINAL TERMS)**

		MALE	FEMALE	MALE FEMALE WAGE GAP
Regular	Urban Workers	470	365	105
	Rural Workers	324	201	123
Casual	Urban Workers	184	112	72
	Rural Workers	151	104	47

**Source:** Estimates based on NSSO data

in rural and urban areas. It is evident that large pay gaps in terms of average daily wages still exist and the gap is narrower for regular workers in urban areas. On the other hand, for casual workers, wage gap is narrower in rural areas.

Gender pay gaps exist in almost all occupations (see Graph 2.1 & Table 2.4). Graph 2.1 shows the ratio of the average daily wage of an urban female worker to an urban male worker, by different occupations and by different enterprise type. A value of 1 implies that there is no difference in wage rate between a female worker and a male worker. Similarly, any value less than 1 implies that female workers get less than a male worker. This analysis<sup>8</sup> is limited to workers who are regular salaried or regular wage employees, which in some sense reflects the organized sector of society. The predicted wage rates are derived from multivariate analysis after controlling for other socio-economic variables including

age, social group, religion, education, industry, enterprise type, city-size, and state effect. This analysis is based on the 68th round of the NSSO Employment and Un-employment Survey (2011-12). Further, this is limited to working age (15-59) urban workers and whose sector of employment in the last week is same as their usual principal sector of employment (NIC of principal status is same as NIC of daily status at two digits). There are two takeaways from this analysis. First, irrespective of occupation or enterprise type, a female worker earns less than a male worker (that is, the value is always less than 1). Second, there are variations in the wage differences across various occupations and enterprise type. The wage difference is lesser for more skilled workers and more for semi-skilled or unskilled workers. Across enterprise type, wage difference is less for Government/public sector<sup>9</sup> and Public/Private limited company, and more in the Employer's households<sup>10</sup>.

<sup>8</sup> This analysis is done in collaboration with Oxfam's partner Centre for Policy Research (CPR).

<sup>9</sup> The wage difference in the Government/public sector is important to look through the composition of workers by various occupations. While the female workers in these sectors are concentrated more in the education and health profession (51%), the male workers are spread in other sectors including some high paying government/PSU jobs.

<sup>10</sup> In the NSSO survey, Employer's households refers to private households employing maid servant, watchman, cook, etc.

A similar kind of wage gap across occupations is highlighted by India Wage report as well. As women professionals in the highest ranks of labour (legislators, senior officials and managers) are aware of their rights (Deshpande & Khanna 2015), the gap is lowest but these constitute only 1 percent of the total female workers (India Wage Report 2018). Women are mostly employed in low skilled occupations. In 2011-12, women workers in low skilled occupations comprise 67 percent of

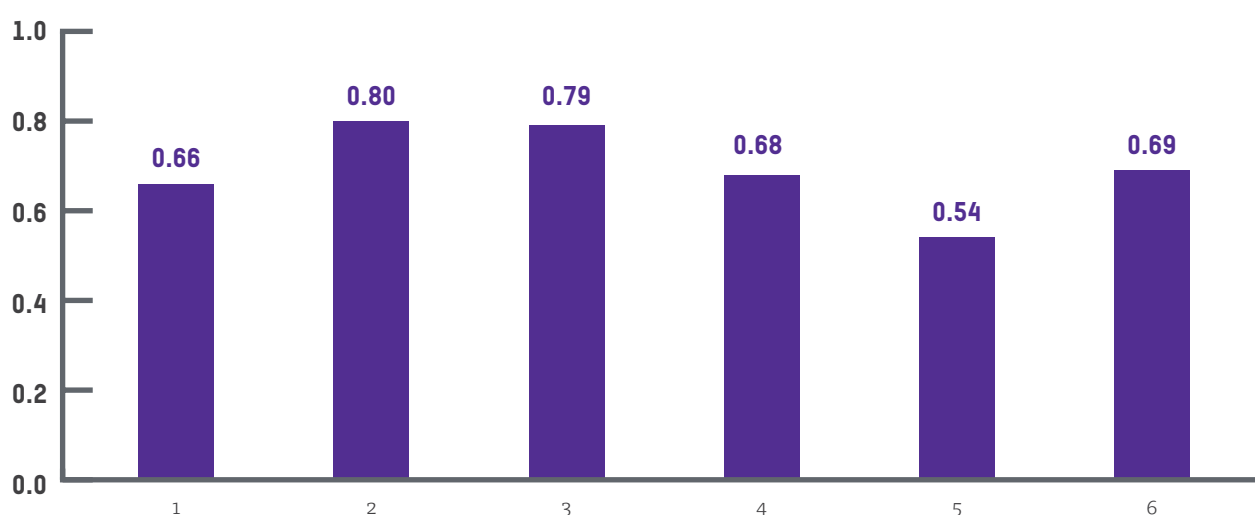
the female workforce (Belser & Rani 2011), female workers receive only 69 per cent of men’s average daily wages. Further, during the period from 1983 to 2011-12, this occupational segregation seems to have intensified (Duraishamy and Duraishamy 2014). As women are engaged mostly in low skilled occupations, they have a lower probability of getting social security benefits compared to men (Srivastava 2016).

**FIGURE 1.1 RATIO OF AVERAGE DAILY WAGE OF A FEMALE WORKER TO A MALE WORKER (IN 2011-12) – URBAN WORKERS**

**(A) OCCUPATION**



**(B) ENTERPRISE TYPE**





The above numbers show the ratio of the average predicted wage rate of a female worker to a male worker. The average predicted wage rate is derived from OLS regression after controlling for various socio-economic variables including age, social group, religion, education, industry, city-size and state effect.

(A) A: Legislators, senior officials and managers; B: Professionals; C: Technicians and associate professionals; D: Clerks; E: Service workers and shop & market sales workers; F: Skilled agricultural and fishery workers G: Craft and related trades workers; H: Plant and machine operators and assemblers; I: Elementary occupations.

(B) 1: Proprietary and partnership; 2: Government/public sector; 3: Public/Private limited company; 4: Co-operative societies/trust/other non-profit institutions; 5: Employer's households; 6: Others.

**Source:** Estimated from the NSSO 68th Round Employment and Un-employment Survey (2011-12)

**TABLE 1.4 GENDER WAGE RATIO, BY OCCUPATION, 1993-94 TO 2011-12**

		GENDER WAGE RATIO		
		1993-94	2004-05	2011-12
1	Legislators, senior officials and managers	0.77	0.80	0.92
2	Professionals	0.84	0.76	0.75
3	Technicians and associate professionals	0.73	0.64	0.62
4	Clerks	0.97	0.95	0.88
5	Service Workers and shop and market sales workers	0.64	0.57	0.52
6	Plant and machine operators and assemblers	0.37	0.41	0.48
7	Craft and related trades workers	0.43	0.49	0.53
8	Skilled agricultural and fishery workers	0.56	0.54	0.60
9	Elementary occupation	0.64	0.65	0.69
	<b>All Occupations</b>	<b>0.52</b>	<b>0.55</b>	<b>0.66</b>

**Source:** Estimates based on NSSO data, India Wage Report 2018, ILO.

However, it is a positive sign that the gender wage gap<sup>11</sup> has fallen from 48 percent in 1993–94 to 34 percent in 2011–12 but the gap remains high by international standards (ILO 2018). The falling trend of gender wage gap, especially for recent periods, could be attributable to rapid rise in wages partly due to the implementation of MGNREGA. Both employment and minimum wages for all workers are ensured in this right based programme and resultantly it pushed up wages in the agricultural sector, getting them slowly closer to the minimum wages specified in MGNREGA (Rani and Belser 2012a, Sudarshan, Bhattacharya and Fernandez 2010, Nair, Sreedharan and Anoopkumar 2009). It should be noted that there is gender parity in minimum wages fixed in MGNREGA, which contributed to reducing gender wage gaps. Several other studies have also observed that the gender wage gap has generally narrowed over time, across sectors and across industries.

A recent study (Mondal et al. 2018) has also confirmed that although gender wage gap was not significant for administrators, executives and managers, and professionals, substantial gender wage gap was visible among service workers and domestic workers in 2011-12. Mondal et al. (2018) also found that the gap increased sharply for midwives and health visitors as well as for pre-

primary school teachers. This confirms that women are being employed at very low wages (significantly below legal minimum wages) to implement various government programmes such as the Sarva Shiksha Abhiyan (SSA), National Health Mission (NHM) and Integrated Child Development Scheme (ICDS), etc. For overall decline in the gender wage gap, several factors such as changes in the employment pattern in manufacturing and construction sectors and the larger increase in real wages of women workers could be attributable.

### 1.3.4. Wages across different sectors

#### 1.3.4.1 Wages in agriculture and non-agricultural casual workers

Rural casual labourers constitute the single largest segment of the country's workforce and wages are an important part of their income. Table 2.5 shows that since 1993–94, casual workers in agriculture experienced higher wage growth compared to non-agricultural casual workers, the rate rising from 2.2 percent during the period 1993–94 to 2004–05 to 6.6 per cent during the period 2004–05 to 2011–12.

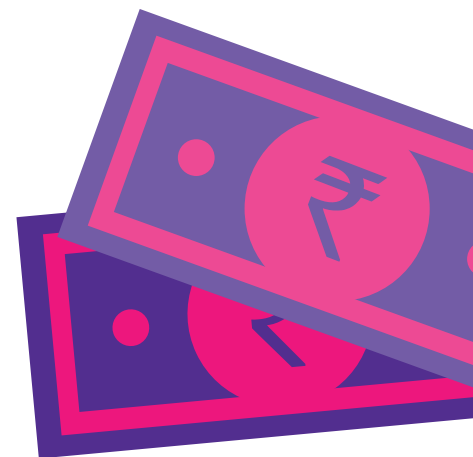
Due to high demand in the in the construction sector, many rural workers moved to that sector and it created some scarcity of workers in rural areas and it ultimately led to a rise in agricultural

**TABLE 1.5 GROWTH RATE OF AGRICULTURE AND NON-AGRICULTURAL CASUAL WORKERS' WAGES (%)**

	1993-94 TO 2004-05	2004-05 TO 2011-12	1993-94 TO 2011-12
<b>Agricultural</b>	2.2	6.6	3.9
<b>Non-Agricultural</b>	1.4	4.9	2.7

**Source:** ILO estimates based on NSSO Data

<sup>11</sup> The difference in average pay between men and women, as a proportion of men's wages.



wages (Gulati, Jain and Satija 2013). Further, Jose (2016) argues that the growth of real wages could be attributable to demographic transition and net impact of migration, impact of MGNREGA, and overall effect of social spending in rural areas. MGNREGA played a positive role in increasing rural wages, especially for female workers. There has been a shortage of labour in agricultural work in some places due to MGNREGA and it created an opportunity for workers for demanding better wages in the agricultural sector, thereby, influencing their income (Rani and Belser 2012a).

#### 1.3.4.2 Wages in different sectors of the economy

Wage differentials between sectors are important drivers of inter-sectoral movement of workers, away from agriculture and towards non-agricultural sectors. Wage growth has accelerated in all three sectors of the economy—primary, secondary and tertiary<sup>12</sup>—for both regular and casual wage workers. Wages have increased most rapidly in the primary sector during the period 2004–05 to 2011–12. Within the secondary sector, there is a strong acceleration of wage growth in mining, manufacturing and construction, while in the tertiary sector, wages have increased substantially in trade, and to a lesser extent in hotels and restaurants, education, and health and social work. By contrast, wage growth slowed down in banking and finance, and in real estate and business services between 2004–05 and 2011–12. It is worth noting that casual workers in some industries of the tertiary sector have had higher increases in wages than regular workers.

Notwithstanding these trends, wage levels remain lowest in the primary sector, and also remain much lower for casual than for regular workers within the secondary and tertiary sectors. While regular workers' average wages range from about INR 144 per day in services for private households to INR 852 per day in mining and quarrying, casual workers' wages range from INR 122 per day in agriculture to INR 200 per day in hotels and restaurants (India Wage Report 2018).

#### 1.3.4.3 Wages in organized and unorganized sectors

It is evident from Table 2.5 that during 2004–05 to 2011–12, wage differences for regular workers between organized and unorganized sectors have reduced in the secondary and tertiary sectors. However, the primary sector has witnessed a marginal increase. On an average, in 2011–12, wages of regular workers in the unorganized sector were getting 3.1 times lower than of organized sector workers in the primary sector. For the tertiary sector and secondary sector these ratios are 2.6 and 2.3 respectively. Wages of casual workers in the organized sector reduced in the primary sector compared to other sectors, and the ratios are quite similar across sectors.

<sup>12</sup> Economic activities are broadly grouped into primary, secondary, tertiary activities. Primary activities are directly dependent on environment as these refer to utilisation of earth's resources such as land, water, vegetation, building materials and minerals. It, thus includes, hunting and gathering, pastoral activities, fishing, forestry, agriculture, and mining and quarrying. Secondary activities add value to natural resources by transforming raw materials into valuable products. Secondary activities, therefore, are concerned with manufacturing, processing and construction (infrastructure) industries. Tertiary activities include both production and exchange. The production involves the 'provision' of services that are 'consumed'. Exchange, involves trade, transport and communication facilities that are used to overcome distance.

Precisely, remunerations are better in the organized sector, but only for regular workers. All of this demonstrates that a large majority of workers in the Indian labour market still have low wages, and lack job security as well as social protection (IHD 2014, Papola 2008).

Even among regular wage workers, more than half (57 per cent) have monthly average earnings of INR 10,000 or less, well under what the Seventh Central Pay Commission 2013 (implemented with effect from 1 January 2016) stipulated as the minimum salary of INR 18,000 per month. However, if private and public sector employment is taken into consideration, it would be evident that even within regular workers there exists a huge wage gap. The SWI 2018 reports that as per the Labour Bureau Employment–Unemployment Survey data, nationally, 67 percent of households reported monthly earnings of up to INR 10,000 in 2015. Further, in total, 98 percent earned less than INR 50,000 per month. The report also states that ‘in the age of corporate compensation packages exceeding Rs. 20 lakh a year, it is sobering to learn that earning over Rs. 1 lakh per month puts a household in the top 0.2 per cent of income earners in the country.’

### 1.3.5 Wages by level of education

A number of studies across various countries as well as in India demonstrate that workers with higher levels of education and skills earn higher wages. The general assumption is that wages rise with higher levels of education. This applies more to regular workers, where educational endowments play a more important role in wage determination than for casual workers. In India, those with the highest level of education earn five times more than those with the lowest level of education (Papola and Kannan 2017). This pattern of disparity is prevalent amongst all categories of workers, male, female, rural, urban and regular/salaried workers, except for certain categories of casual workers.

Taking into account average daily wages according to education level, the difference is least among casual workers, as they are often engaged in unskilled work. Among regular workers, there is a wage premium for those with a higher degree of education, while the premium is much less for casual workers. Abraham (2007) indicates that for regular workers, the wage rate of the highest educated (graduates and above) compared to illiterates has been around 3.5 times higher since

**TABLE 1.6 WAGE RATIOS BETWEEN ORGANIZED AND UNORGANIZED WORKERS, BY ECONOMIC SECTORS**

		2004–05	2011–12
<b>Primary Sector</b>	<b>Regular workers</b>	3.0	3.1
	<b>Casual workers</b>	1.8	0.9
<b>Secondary Sector</b>	<b>Regular workers</b>	2.5	2.3
	<b>Casual workers</b>	0.9	0.8
<b>Tertiary Sector</b>	<b>Regular workers</b>	2.8	2.6
	<b>Casual workers</b>	1.1	0.9

**Source:** Estimates based on the NSSO data

1983. Roy (2012) also shows that the ratio of the daily earnings of skilled workers to unskilled workers, which can be taken as the skill premium, declined between 1993–94 and 2009–10.

The wage situation among the educated may worsen as there is less job creation from the educated in recent years. As per the latest Labour Bureau data, there is a sharp increase in unemployment rate (UR) among the educated (Mehrotra 2019). The UR rose to 2.4 percent in 2016 from merely 0.6 percent in 2011–12 for those with middle education. UR increased to 3.2 percent (from 1.3 percent) for Class 10 pass, to 4.4 percent (from 2 percent) for Class 12 pass, to 8.4 percent (from 4.1 percent) for graduates and to 8.5 percent (from 5.3 percent) for post-graduates during the same period (Ibid.). The data further shows that for educated youth with technical education, UR rose for graduates from 6.9 percent to 11 percent, for post-grads from 5.7 percent to 7.7 percent and for vocationally trained from 4.9 percent to 7.9 percent. So, it is evident that the unemployment rate among the educated is not only higher compared to the uneducated, it also increases with higher levels of education. So, educated youth are reluctant to enter into the job market (Kwatra 2018), as sufficient regular salaried jobs are not available for them. The lack of quality job creation may shrink the wage growth among the educated further.

### 1.3.6 Wages by social background

Social institutions such as caste also segregate the Indian labour market. Some disadvantaged groups, such as scheduled castes (SCs) and scheduled tribes (STs), have been historically marginalized with regard to unequal access

to education, employment opportunities, and opportunities to develop skills in certain sectors, thereby widening income inequality.

Wage disparities between workers classified as STs, SCs, Other Backward Classes (OBCs), and Others (forward castes)<sup>13</sup> were clearly found in the NSS surveys. Tables 2.6 and 2.7 show sharp differences between wages of regular and casual workers, amongst social groups in urban and rural areas. The difference is more visible in urban areas compared to rural areas. For urban areas in 2011–12, the OBC and SC regular workers were paid between 2 and 2.4 times more than casual workers, for both male and female. For the STs the difference is even higher, ranging from 2.8 to 3.2 times more for male and female workers. One can conclude that access to regular work can really improve wage conditions for these disadvantaged groups, though STs and SCs have a much lower share of regular workers in comparison to their share in the total workforce (IHD 2014). Das and Dutta (2007), based on the NSSO data for 2004–05, also observed that the chances of securing a regular job was 21.5 percent for higher caste Hindus, while it was only 12.4 percent and 6.7 percent in the case of SCs and STs, respectively. Madeshwaran and Attwell (2007) estimate that SCs and STs workers received, on an average, 15 per cent lower wages than other workers in both public and private sectors. They also find occupational discrimination (lack of access to high paying occupations) to be more pronounced than discrimination within a given occupation. They also attribute a major part of the wage gap to differences in human capital endowments.

<sup>13</sup> It consists of forward castes and other castes which are not classified elsewhere.

**TABLE 1.7 REAL AVERAGE DAILY URBAN WAGES BY TYPE OF WORKER, 2004-05 AND 2011-12 (INR, BASE YEAR 2011-12)**

	2004-05		2011-12	
	Regular	Casual	Regular	Casual
<b>Urban male others</b>	420	133	579	173
<b>Urban male OBC</b>	288	138	383	193
<b>Urban male SC</b>	262	127	362	180
<b>Urban male ST</b>	369	112	445	160
<b>Urban female others</b>	348	83	504	104
<b>Urban female OBC</b>	194	76	276	115
<b>Urban female SC</b>	165	78	225	116
<b>Urban female ST</b>	220	77	340	105

Source: ILO estimates based on NSSO data

**TABLE 1.8 REAL AVERAGE DAILY RURAL WAGES BY TYPE OF WORKER, 2004-05 AND 2011-12 (INR, BASE YEAR 2011-12)**

	2004-05		2011-12	
	Regular	Casual	Regular	Casual
<b>Rural male others</b>	330	103	375	152
<b>Rural male OBC</b>	234	107	297	158
<b>Rural male SC</b>	221	100	284	150
<b>Rural male ST</b>	238	83	337	122
<b>Rural female others</b>	209	64	251	100
<b>Rural female OBC</b>	142	63	194	105
<b>Rural female SC</b>	109	65	148	106
<b>Rural female ST</b>	144	60	197	97

Source: ILO estimates based on NSSO data

A recent report, the State of Working in India 2018 (SWI 2018, henceforth) has also highlighted some glaring facts about caste based wage gap. The report states that caste based earnings gap is larger than the gender earnings gap. In 2015, the SCs, STs and OBCs earn only 56 percent, 55 percent and 72 percent respectively of upper caste earnings.

It is coming out from the discussion above that there are several factors that can influence wage rates and may lead to wage inequality and it is prevailing across various sectors in the Indian labour market. In fact, wage disparities originating from factors such as the level of education of workers, skill level, status of employment (regular/ casual) etc. cannot be removed completely; rather it could be moderated and socially acceptable bounds could be achieved. However, from the normative perspective, wage discrimination on the basis of gender, castes, etc. must be abolished completely.

## 1.4 WAGE INEQUALITY IN AGGREGATE LEVEL

Many studies have documented an increase in overall wage inequality in India, particularly between 1993–94 and 2004–05. Nevertheless, there is no uniform wage inequality for all workers, and it can differ for different types of employment. On the one hand, wage inequality among casual workers, both in rural and urban areas, has consistently decreased between 1983 and 2004–05 (Abraham 2007, Sarkar and Mehta, 2010). On the other hand, wage inequality among regular workers, both in rural and urban areas,

has increased between 1983 and 2004–05 (Dutta 2005, Sarkar and Mehta 2010).

A measurement used to address inequality and highlight the differences in wage distribution is the ratio of the two extremes – the highest and lowest wages. For instance, the ILO Global Wage Report (ILO, 2016b) has used this indicator to compare low- and high-wage earners ( $P_{90}/P_{10}$ )<sup>14</sup>, as well as comparing middle-wage earners ( $P_{50}/P_{10}$ ).

The ILO Wage Report found that there was a clear reduction in inequality between the top and bottom wage earners, as the  $P_{90}/P_{10}$  inter-quantile indicator has decreased from 8.6 in 1993–94 to 6.7 in 2011–12, although in 2004–05 there was a slight increase (9.0). The ratio has been decreasing continuously from 2.4 in 1993–94 to 1.9 in 2011–12 for bottom and middle wage earners, which implies that inequality was reduced. The reduction in inequality can be explained due to the higher wage increase registered by casual workers, who correspond to the bottom part of wage distribution in the Indian economy.

It is evident that inequality in wage distribution for the lower half has declined substantially. Furthermore, there is scope for closing the gap between the lowest and the middle wage groups through adequate enforcement of minimum wages (Belser and Rani 2011). In fact, empirical evidence suggests that the assurance of a minimum income at the bottom of the pay scale can help reduce poverty and also counter inequality (Belser and Rani 2015). There is also empirical evidence which suggests that minimum wages have a positive impact on

<sup>14</sup> Disparities in wages can be measured using percentile ratios ( $P_{90}/P_{10}$ ).  $P_{10}$  is the maximum wage received by the 10 per cent of employees earning the least.  $P_{90}$  is the minimum wage received by the 10 per cent of employees earning the most.

wages at the lower end of distribution and can also increase along the higher cohorts of wage distribution (Rani and Ranjbar 2015).

It should be noted that different dimensions and factors of wage inequality has already been discussed in the previous sections. Further, it is also important to note that in 2015, total 82 percent of men and 92 percent of women were earning less than Rs 10,000 per month. This was far lower, compared to the lowest salary (Rs 18,000 per month) recommended by the Seventh Central Pay Commission (2013). So, for increasing the income of this vast section of wage earners, focus should be on wage policies. The effectiveness of these policies is already documented in several studies mentioned above. On this backdrop, it would be worthwhile to have a closer scrutiny of the implementation of minimum wages in India.

## 1.5 IMPLEMENTATION OF MINIMUM WAGES IN INDIA

Adopting the Minimum Wages Act in 1948, which is considered to be one of the important pieces of legislation, India became one of the first developing countries to introduce minimum wage policies. In the later period, several other Acts related to wage policies were also adopted. However, the diverse socio-economic situations across states made the minimum wage system a complex one, and it ultimately led to a large number of minimum wage rates, which makes it difficult to implement and monitor. Say for instance, at present, total 1709 rates are existing in India (India Wage Report 2018). Due to the existence of a huge informal

sector, the implementation, and monitoring the implementation of these minimum wages is also a daunting task. This leads to rampant violation of the minimum wages. The India Labour and Employment Report 2014 estimated (based on NSSO 2009-10 data) that 73 percent of rural farm, 37 percent of rural non-farm and 54 percent of urban non-farm casual workers received wages below the statutorily fixed minimum wages. The proportion of women was much higher compared to the male. It is already mentioned above, how women workers are getting denied the minimum wages even for implementing the government programmes in health, education and other sectors.

Violation of minimum wages is visible in the largest employment generating programme, that is, in MGNREGA. It is evident from Table 2.8, that workers are getting denied the statutory minimum wages in several states and UTs. In some states and UTs, the deviations are stark.

Violation of minimum wages is also visible in top level companies as well. As per the Oxfam India Study (Making Inclusive Growth 2018), in 2017, out of top 99 companies in India only 24 companies have explicitly stated their commitment to ensuring minimum wages and only 6 companies have actually committed to providing fair living wages.<sup>15</sup>

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<sup>15</sup> A living wage is the minimum income necessary for a worker to meet their basic needs.



TABLE 1.9 VIOLATION OF MINIMUM WAGES IN THE MGNREGA

	AVERAGE WAGE RATE PAID PER DAY PER PERSON (INR)[IN 2017-18]	NOTIFIED MINIMUM WAGE RATE (INR) [IN 2017-18]	GAP = (NOTIFIED MINIMUM WAGE - AVERAGE WAGE)
Andhra Pradesh	152	197	45
Arunachal Pradesh	177	177	0
Assam	183	183	0
Bihar	177	168	-9
Chhattisgarh	166	172	6
Gujarat	177	192	15
Haryana	278	277	-1
Jammu and Kashmir	179	179	0
Jharkhand	168	168	0
Karnataka	236	236	0
Kerala	261	258	-3
Madhya Pradesh	165	172	7
Maharashtra	189	201	12
Manipur	204	204	0
Meghalaya	175	175	0
Mizoram	194	194	0
Nagaland	177	177	0
Odisha	174	176	2
Punjab	227	233	6
Rajasthan	137	192	55
Sikkim	179	177	-2
Tamil Nadu	152	205	53
Tripura	169	177	8
Uttar Pradesh	175	175	0
Uttarakhand	175	175	0
West Bengal	171	180	9
Goa	240	240	0
Lakshadweep	237	237	0
Puducherry	180	205	25
Chandigarh	183	265	82
Telangana	140	197	57

Source: ILO estimates based on NSSO Data

## 1.6 ADDRESSING WAGE INEQUALITY

Sustainable wage policies is a widely shared objective across countries nowadays for ensuring decent work and inclusive growth. To achieve these objectives, international bodies such as ILO advocate for adequate living wages for all. On similar lines, G20 has also adopted a call for sustainable wage policy principles, specifically minimum wages<sup>16</sup> and collective bargaining, which ensures that wages grow in tandem with labour productivity. These would contribute to reducing inequality and promote inclusive growth. To address gender wage gaps is also a central objective in G20 wages policies. On the backdrop of these global agenda and most importantly considering various dimensions of wage inequality in India, proper policy interventions are required in the following areas.

### 1.6.1 Ensuring Minimum wages

There are several possible options to improve the current minimum wage system in India. The policies<sup>17</sup> that India can adopt are:

- Extending legal coverage to all workers in an employment relationship and implementing

the national floor level minimum wage across the country.

- For extending the coverage of minimum wages, the government can focus on expanding public employment generation programmes and adhering to minimum wages in these programmes.
- Ensuring full consultation and, in so far as possible, the direct participation of social partners<sup>18</sup> on a basis of equality in the establishment and operation of minimum wage systems.
- Undertaking more regular and evidence-based adjustments in the minimum wages.
- Progressively consolidating and simplifying minimum wage structures to make it easier to implement.
- Taking stronger measures to ensure a more effective application of minimum wage law.

### 1.6.2 Collective bargaining

Collective bargaining<sup>19</sup> offers a mechanism for inclusive, coordinated wage setting. Collective agreements on wages can be used to establish minimum standards as well as to set wages above an existing wage floor. It is recommended that the government strengthen the framework for collective bargaining. Tripartite cooperation

<sup>16</sup> Although India had not ratified ILO Convention No. 131 –The Minimum Wage Fixing Convention, India's Minimum Wage Act 1948 is mostly similar to the Convention No. 131. Even India's Minimum Wage Act 1948 is considered as one of the most comprehensive piece of legislation.

<sup>17</sup> In line with conclusions of a capacity-building workshop titled "Towards more effective wage policies in India", jointly organized by V.V. Giri National Labour Institute and the ILO, New Delhi in April 2015,

<sup>18</sup> Social partner refers an individual or organization, such as an employer, trade union, or employee, participating in a cooperative relationship for the mutual benefit of all concerned.

<sup>19</sup> It is important to understand how minimum wages and collective bargaining interact. In most countries where a statutory minimum wage exists, minimum wages provide a wage floor for the lowest paid, and collective bargaining can determine higher wage floors or lift wages for those above the minimum. The relationship between statutory minimum wage policies and collective bargaining is thus of particular importance. Minimum wages should not be used as a substitute for collective bargaining.

between government and social partners can play an important role in creating the conditions for effective collective bargaining – at all levels – by ensuring that the appropriate framework is in place.

To be more inclusive, the organizational basis for collective labour relations could be strengthened, drawing on new networks and sources of power, including those in the unorganized or informal sector. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act 2014 are important initiatives to bring informal sector workers into the realm of legislations. Other efforts could be undertaken to bring the informal economy within the country's legislative framework and into the framework of social dialogue and collective bargaining.

### **1.6.3 Promoting equal pay for work of equal value**

A significant source of wage inequality can be found in exclusion or discrimination against some categories of workers, including women and scheduled castes. To reduce wage gaps, national legislation must provide for the right to equal remuneration for work of equal value and effective access to justice to claim this right. Overcoming unequal pay across groups requires sustained effort at various levels and through a wide range of policy approaches. Equal pay for men and women needs to be promoted through strong policies, including raising awareness, combating gender-based stereotypes about women's roles and aspirations, strengthening policies on maternity leave, and advocacy for better sharing of family responsibilities. Equal pay at the enterprise level also requires job evaluation methods free from gender bias.

## **1.7 MOVING FORWARD**

Labour market institutions and wage policies can play an effective role in reducing inequality by protecting the interests of working groups that are vulnerable, disadvantaged or subject to discrimination. Globally, there is growing recognition that wage trends must be monitored properly. Implementing sustainable wage policies could prevent wage stagnation. It would resultantly lead to raising the levels of pay for millions of working poor around the world, ensure fair distribution, reduce excessive wage and income inequalities, and buttress consumption. Presently, in India there exist huge wage inequalities across all sectors, between male and female and also among social groups. By ensuring a certain level of minimum wages across all sectors and its periodic upward revisions, wage inequality could be moderated and arrived at socially acceptable bounds. This could be complemented by expanding public employment generation and various other social protection schemes.

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# NOT GETTING THEIR DUES

On December 10, 2018, the Delhi government launched a 10-day drive, Operation Minimum Wages, and a helpline number (155124) for people to register their complaints (IANS 2018). This was done to ensure that minimum wages were paid to all workers in the national capital. In the raids on day one, the Delhi government found violations of the Minimum Wages Act in at least 20 establishments including hospitals, schools, private firms, and government offices in Mangalpuri in northwest district of Delhi. The raids conducted by teams from the labour department found violations regarding minimum wages and medical benefits (Times News Network 2018).

While the Delhi government conducted raids and booked violators, the fact of the matter remains that minimum wage rules continue to be flouted. The other issues are the lack of social benefits and there are gender and caste disparities too.

Not far from Mangalpuri is the Wazirpur Industrial Area with its steel pickling units. According to the latest amendment in Delhi's minimum wage rates, unskilled labourer should get INR 14,000 per month that is, INR 538 per day (revised). It was INR 13350 per month (before the revision) (Delhi Government, Labour Department, 2018). But for those at these steel pickling units,

minimum wages are a distant dream. They get anything between INR 6000 to INR 10,000. Those who work in the more strenuous polishing work are paid on a piece rate basis, and can earn upto INR 400 a day that is upto INR 10,000 a month. The labourers involved in *chak-mitti* (in which excess polish is dust off the vessel) get monthly wages of about INR 7500, which is nearly half of what the Delhi government has set (Ibid.). 'I get Rs 7000. We do get weekly offs. But there are no sick leaves. If we do take a leave then our wages get deducted,' says Rajan, who lives in Mukundpur and works in Wazirpur. He works at the steel circle cutting unit and involved in *chak-mitti*.

These units do not have Provident Funds (on account of the fact that they show they are one shy of 20 people) or Employee State Insurance (ESI). The latter is health coverage for both the employee and their dependent. The polishing unit is one of the most polluting and hazardous jobs within the steel production process in Wazirpur. Workers are vulnerable to the polish dust, which slowly settles in their lungs, and also the heavy motor that is used to polish vessels, which invariably injures their hands and feet (Mohana 2015). Yet there are no medical benefits for workers.

While the smaller manufacturing units pass the buck to demonetization, Goods & Services Tax (GST) and National Green Tribunal — the last calling for closure of the polluting units in the residential areas — the larger factories such as garment export units defy rules unabashedly. In Gurgaon's garment hub, almost all women workers in these units are daily wages workers / casual workers (they fall in the unskilled category) and should get INR 318.40 per day for 9 hours of work, but instead they are made to work for more than 10 hours and barely get between INR 250 - INR 280.

In the services sector too, elements of Minimum Wages Act are defied. A security guard, associated with a security agency in the national capital, said that while he got INR 14000 a month and has the PF and ESI component in his wages, he is made to work for 30 or 31 days and for 12 hours a day. According to Minimum Wages Act, wages should be fixed for 26 days and eight hours a day. 'The security agency makes us sign a document that states that we work for 26 days and 8 hours, get weekly offs as well as other gazette holidays. But the fact of the matter is that for the last one year that I have worked, I have not got a single off. If somebody has to take a sick leave, wages are deducted accordingly,' says the security guard on the condition of anonymity.



According to the 2018 Global Gender Gap Report, published by the World Economic Forum, India ranks 72 among 149 nations on the 'wage equality for similar work' parameter. And these gaps are evident in urban as well as the rural sector.

Reverting to the garment factories, wage inequality is inherently built into the hiring structure. Men are hired for more supervisory roles, hence the better pay. Women, on the other hand, are tailors, trimmers and cutters. There are a few men who work as tailors, cutters and trimmers, just like then women, but they are paid higher wages. For instance, in Bangalore a tailoring job would see a wage difference of INR 300 - 500 between men and women.

Among agriculture workers, in Bihar's Bhojpur, for instance, women get INR 100 for a day's work while men get upto INR 250. The argument can be that

men are involved in more strenuous work and are able to do more in the given time. But even in the same kind of work they are paid more. There are caste dynamics too; women who belong to castes considered marginally better than the Mahadalit, or even within mahadalit, will be paid a tad more. But for women, all factors considered, the wages are still lower than the states minimum wage rate. Though the gender wage gaps are high by international standards, it is decreasing; gender wage gap has fallen from 48 percent in 1993–94 to 34 percent in 2011–12. The falling trend of gender wage gap could be attributable to rapid rise in wages partly due to the implementation of MGNREGA. MGNREGA has regional disparities — Haryana with the highest rate of INR 281 per day and Bihar and Jharkhand with the lowest wages of INR 168 (for the year 2018-19) — and they are often lower than the minimum wages of the state.

In its initial years, workers under MGNREGA were paid as per section 6 (2) of the MGNREGA, which stated that minimum wages set for agricultural labourers by the state would be the MGNREGA wage rate applicable for that area. However, in January 2009, the central government kicked in section 6 (1) and delinked MGNREGA from the Minimum Wages Act. This left the MGNREGA wages, lurking way below the minimum wages for agricultural labour set by the states (Agarwal 2017).

Keeping aside the ongoing deliberation for the MGNREGA wages and the present government's reservation for this rural employment guarantee Act, it still has the positive aspect of treating men and women equally. But more needs to be done to bridge the wage inequality — Increased labour

force participation; Opportunities as legislators, senior level, and managers; Opportunities as professional and technical workers — all in which India ranks poorly in the 2018 Global Gender Gap Report. Strict and regular enforcement of the Minimum Wages Act has to be ensured. Unless proper implementation is ensured no amount of streamlining the different labour acts into a Code on Wages, 2017 and setting a national minimum wage is going to make much of a difference.



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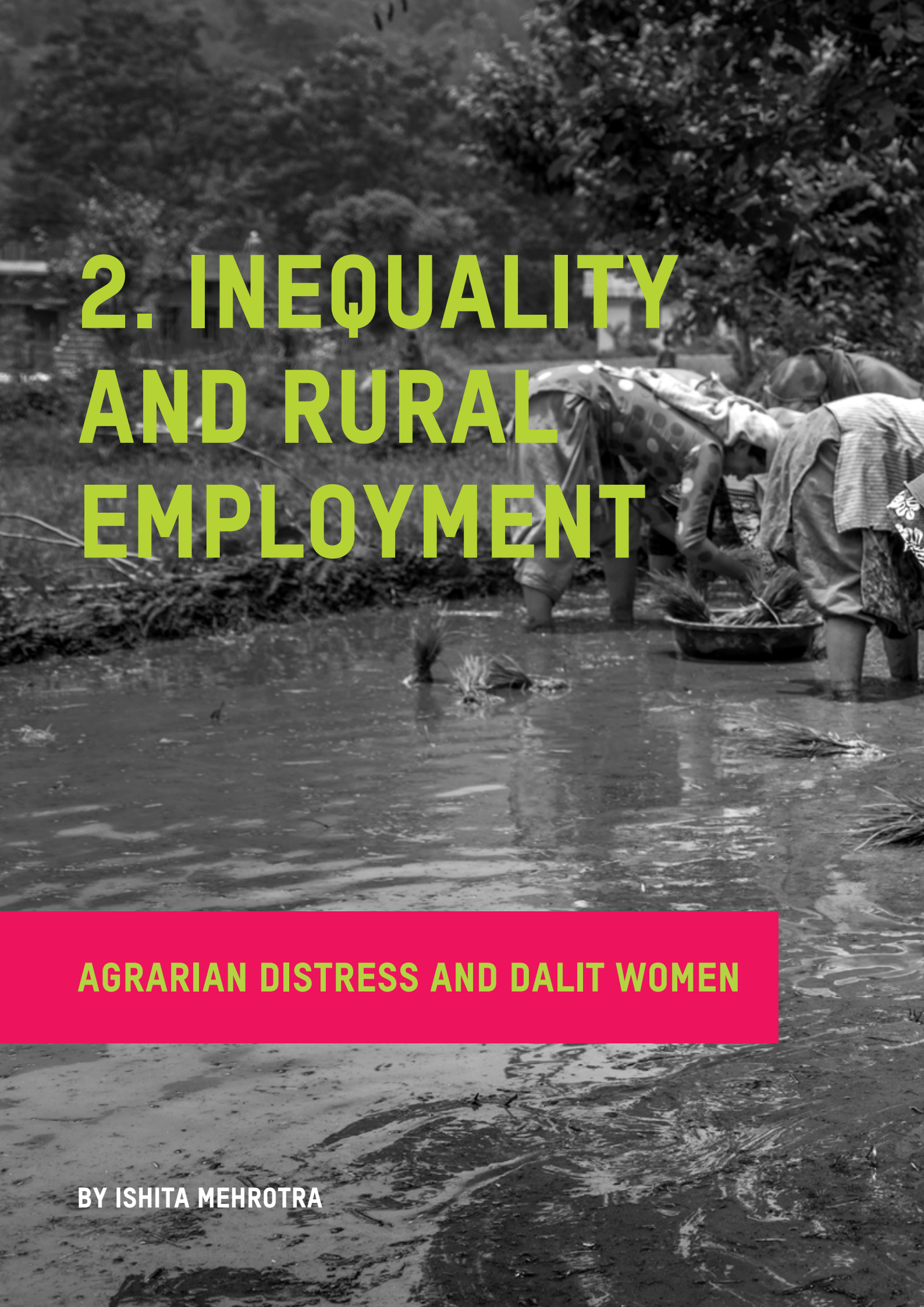
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# 2. INEQUALITY AND RURAL EMPLOYMENT

**AGRARIAN DISTRESS AND DALIT WOMEN**

**BY ISHITA MEHROTRA**





Agriculture as the main source of rural employment has been on the decline since the 1990s. Analysis of NSS data by Usami and Rawal (2018) shows that share of total employment in agriculture fell sharply from **73.7%** in 1993-94 to **59.4%** in 2011-12. Since rural women labourers are disproportionately concentrated in agriculture, they are also the worst hit by the contraction of employment opportunities in agriculture.



Since the 1990s, there has been increasing diversification away from agriculture. This has been more the case for men than for women. According to NSS data, in 1993-94, **75%** of men and **86%** of women were engaged in primary sector activities (including agriculture and other sectors such as mining) which reduced to **59%** for men and **75%** for women workers in 2011-12 (Mitra 2018). For a variety of reasons, women engage in only certain types of rural non-farm employment—most commonly in manufacturing and construction (this showed a huge increase partly due to public interventions such as MGNREGA). Manufacturing accounted for **9.8%** of total rural non-farm workers in 2011-12 and construction accounted for **6.6%** in 2011-12 (ibid).



Social identity and roles, such as caste and gender, continue to be important determinants of occupational profiles. According to the NSS 68th Round, in rural India, households reporting casual labour as the major income source was the highest for Dalit (52.6%) and Adivasi (38.3%) households. The percentage of rural women in casual labour is **35.1%**; Dalit women constituted **50.6%** in this and ST women **39.3%**.



Land ownership is linked to political and economic power. Land is a major indicator of asset inequality in rural India. The share of land owned in rural India by different social groups was **13.06%** for STs, **9.23%** for SCs, **45.68%** for OBCs and **32.03%** for others (NSSO 2013). In livestock and farm equipment, the share of SCs is 11.7%, 43.8% for OBCs, 25.5% for High Castes and 18.9% for Rest (Thorat and Madheswaran 2018).



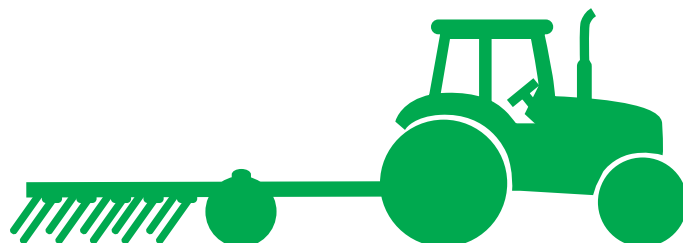
## 2.1 LINKING INEQUALITY, EMPLOYMENT AND LABOUR MARKETS

Accessing stable, productive and well-paying jobs through the labour market is an important avenue out of poverty.

Towards the end of the twentieth century, evidence from many developing countries had debunked the assumption that economic growth would automatically lead to a decline in inequality and poverty. Against this background, the first two decades of the twenty-first century saw mainstream development thinking emphasizing first on pro-poor growth and then on the idea of inclusive growth. In line with one understanding of pro-poor growth, inclusive growth too emphasized on the importance of market-driven growth for poverty reduction, with the government playing an enabling role by removing obstacles to growth, for example, by deregulating the labour market (For a detailed discussion on economic policy, see Saad-Filho 2010). The so called inclusive growth paradigm did not consider that inequality itself might have a structural relationship to the growth process or that such growth may actually fuel poverty. Rather, inclusiveness was narrowly understood as being 'concerned with opportunities for the majority of the labor force, poor and middle-class alike'... 'in terms of access to markets, resources, and unbiased regulatory environment for businesses and individuals' (World Bank 2009: 1 and 2). In sum, the growth process would be left untouched, with reliance on social safety nets, that is, in-kind or fiscal transfer mechanisms to alleviate the ill effects of growth.

With this understanding of the relationship between growth and poverty and the policy discourse emanating thereof, how has India fared? At the end of the first two decades of this millennium, what we see in our country is that despite high growth rates, jobs remain a huge challenge for India. This has to be understood with reference to the lopsided nature of Indian growth. The services sector accounts for more than half of India's GDP, but does not make a significant contribution in employment generation (Chandrasekhar and Ghosh 2018). While the share of agriculture in GDP has fallen over the years to about 14 percent presently, almost half the workforce (about 49 percent) still directly or indirectly depends on agriculture for livelihoods (Rustagi 2015). Moreover, according to a NCEUS report (2008), in the early 2000s when India reported about 8 percent growth rate per annum, 77 percent of the population was poor and vulnerable (Sengupta, Kannan and Raveendran 2008). In fact, according to an ILO report (2016), overall rural employment grew at an average of less than 1 percent per annum in the periods 1999-2000 and 2011-12. Simply put, India is recording high growth but at the same time, large sections of its citizenry are struggling to survive on the margins. That capital is accumulating more and more and that the share of labour is falling is a reality across countries (Oxfam International 2016, 2017).

Figures provide one side of the story. In a country like India which is characterized by deep inequalities, labour markets cannot be understood solely in an economic sense with reference to percentage of employment created, poverty effects, extent of unemployment or underemployment, wage rates, etc. Labour



markets, especially rural labour markets, are arenas of social relations where unequal power relations are a norm. Labour relations are based on a political economy of difference – of caste, gender, religion, region, asset base, capabilities, etc. These factors influence who can access what type of jobs, under what terms and conditions and with what labour market outcomes. Discrimination actually starts before one even enters the labour market.

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India's working poor (just under 60 percent taking USD2 as poverty line) are characterized by structural inequalities, degrees of informality, low wages, little or no social protection, very low levels of education, skills and health standards (Institute for Human Development 2014). There is a strong correlation between poverty and social identity. India's poor are also more likely to be Dalits, Adivasis, Muslims and then OBCs (Kannan 2018). Clearly then, India's growth has been unequal and based on exclusions. Based on detailed fieldwork from different regions of India, Shah et al. (2018) have documented that capitalist modernity and accumulation is in fact premised on inherited social identities.

In the following section, the discussion moves to how rural India, in general and the rural labouring classes, in particular, have fared under more than two decades of India's pursuit of neoliberal capitalist globalization. It is against this background that one has to understand what is happening with rural employment.

## **2.2 RURAL DISTRESS AND AGRARIAN CRISIS**

Changed contours of agricultural development under neoliberal capitalist globalization has had tremendous consequences for the rural labouring classes. This is important to understand because, though subject to much debate, rural labour continues to be either perceived as predominantly agrarian or at least originating from the village agricultural economy.

Agrarian neoliberalism included, among other things, reduction of government expenditure on rural infrastructure (credit, power, irrigation, subsidies on seeds and fertilizers, extension and support services), limiting the scope of PDS,

revision of land ceilings, trade liberalization with regard to agricultural commodities and increasing dominance of MNCs in input markets (For a detailed discussion on the main features of agrarian neoliberalism, in general, see Bernstein [2010] and for India specifically, see, Chandrasekhar and Ghosh [2002]; Ghosh [2005]; Reddy and Mishra [2009]; Ramachandran and Rawal [2010] and Chandrasekhar [2017]).

While India's regional diversity precludes a uniform picture, the unpacking of agrarian neoliberal agenda, together with other historical changes relating to technological developments, changes in cultivation practices, fragmentation of landholdings with successive generations, etc. have culminated in a situation of rural distress and agrarian crisis with its class, caste and gender specificities. Small and marginal farmers (about 80 percent) and agricultural labourers are most affected by the agrarian crisis, majority of them are Dalits or Adivasis and unlike men, women labourers continue to be concentrated in agriculture due to socio-cultural restrictions and lack of appropriate alternate employment opportunities in villages (NCEUS 2007, 2008; Mehrotra 2013, 2017). Utsa Patnaik's (2003) work shows that neoliberal fetishism is directly responsible for increased poverty, unemployment and food insecurity in India. Farmers' suicides are an extreme manifestation of this crisis.<sup>1</sup> To enable domestic and foreign capital (whether agri-business or otherwise) to acquire land, states are revising existing land laws or devising ever interesting new techniques such as land pooling or creating SEZs. The result is greater accumulation for industrialists, for real estate barons and greater dispossession of land and livelihoods for the

farmers and agricultural labourers.<sup>2</sup> Ghosh (2015) and Ramachandran et al. (2010) have highlighted that reduced government spending on rural credit, on irrigation and on rural industries, government driven employment schemes and privatization of health and education has resulted in a high incidence of indebtedness. This has led to reverse tenancy, decreased investment in farm, reduced food intake, outmigration in general and has put a further squeeze on rural employment opportunities. The burden of the crisis is borne by three groups in particular, Dalits, Adivasis and women. These groups are hit worse also because of historical reasons. For instance, as put by Thorat, 'the limited access to agricultural land and capital assets is both due to the historical legacy associated with restrictions imposed by the caste system and the ongoing discrimination in land market and capital market and other related economic spheres' (cited in Bakshi 2008: 2).

Two things need to be noted, though. One, not all agrarian classes are faced with a crisis situation. Detailed field based studies such as that of Das Gupta (2019) show that there are capitalist farmers who successfully straddle rural and urban India, have diversified into agricultural trade and business. A part of politically and socially dominant classes, these capitalist farmers also operate as agents of transnational agrarian capital, pocketing super profits. Second, the UPA period did see some positive measures for farmers – greater investment in agricultural credit and rural infrastructure in general. The rights based agenda of development of UPA also gave a boost to agriculture. For example, MGNREGA ensured a basic minimum income to the poorest and also led to the creation of

<sup>1</sup> *The politics of how farmers and suicides are defined is another story. On this, see, Sainath (2015).*

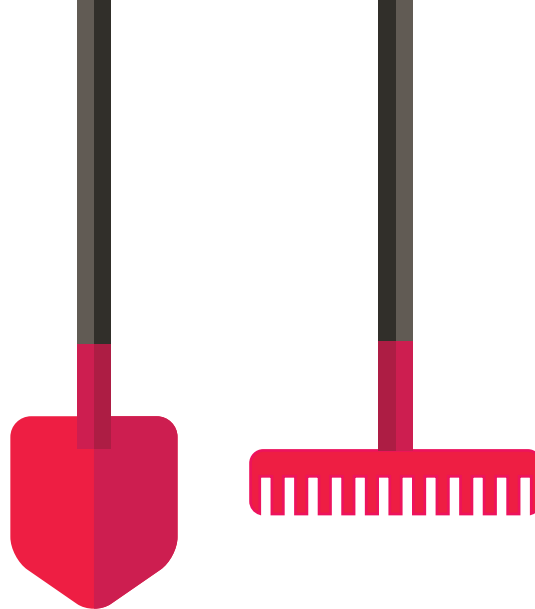
<sup>2</sup> *For detailed case studies, see for example, Sud (2009), Levien (2012) and Sampat (2016).*

infrastructure such as storage, roads, irrigation channels and canals, etc. The FRA ensured continued access of Adivasis to traditional forest resources, crucial to their livelihood. According to Ghosh, increased investment in agriculture during the UPA period saw an increase in the production of foodgrains and non-food crops and capital formation in agriculture also increased. Investment in agriculture started decelerating towards the end of the UPA period. The present NDA government has not delivered on its promises of high MSP, affordable and good quality rural health services, etc. In fact, soon after being voted into power, the Modi government sought to dilute the new Land Acquisition Act and reduced drastically the funds for MGNREGA, fertilizer subsidies, irrigation and other social sectors (Ghosh 2015). A report in *The Wire* (Kapoor 2016) has described the agrarian states of Bihar, UP and Jharkhand as ‘tinderboxes waiting to catch fire’ – the unrest and conflict being attributed to lack of jobs, food and other basic necessities.

As such, the agrarian distress and crisis that we speak of is one that is lived everyday. In the increasing marginality of the ‘rural/agrarian’ – which tends to occupy public imagination and debate only when cases of farmer suicides pop up – there is a further marginalization and muting of small farmers and agricultural labourers – who today constitute the bulk of agricultural-cum-rural workers.

## 2.3 RURAL EMPLOYMENT

Today, India no longer has a robust developmental state investing in rural infrastructure, social sectors or in employment generation or poverty alleviation programmes. What we do have is a neoliberal state whose mandate is to enable the market by partnering it or moving out of its way. This the state does by way of allowing private



companies to sell expensive new seed varieties, of non-traditional crops, to the poor farmers who are lured by high output prices. But these new seeds and crop varieties are water guzzlers, so the farmers need to arrange for irrigation by hiring private pumps and motors because the state no longer does so. These seeds are also more vulnerable to diseases, so the farmers need to now purchase expensive chemical pesticides to protect their crop too. To meet this cost structure, farmers have to borrow money. In the absence of the state, farmers borrow from the large farmers/landowners in their village, from traders, from the agents of various input companies, from micro-credit societies (neoliberalism’s preferred way out of poverty and a route for women’s empowerment). They borrow against their land or labour or by pledging to sell their output to the creditor at a pre-arranged price, etc. These borrowing arrangements usually charge interest rates on a monthly basis, the interest rate being very high. All this takes place in a macro environment of the state having decontrolled prices, reduced trade and tariff barriers – so now Indian farmers are directly impacted by international price movements in agricultural commodities, by cheaper imports, by sudden shifts in consumer demands, etc.

If agriculture has been in crisis for so many years now, as has been the situation of rural distress – what does this mean for livelihoods and jobs in rural India?



Agriculture is no longer the mainstay of rural livelihoods. Usami and Rawal's (2018) analysis of NSS data (2004-05 and 2011-12) shows that the share of total employment in agriculture fell sharply, from 73.7 percent in 1993-94 to 59.4 percent in 2011-12. Dependence on agricultural employment is, however, a gendered phenomenon. Mondal et al. (2018) say that almost 75 percent of rural women are still engaged in agriculture.

The non-farm sector has emerged as the single most important source of alternate employment in rural economy. Mostly these are casual wage labour jobs. For example, skilled and unskilled construction work, brick kiln workers, working as drivers, tutors, as domestic help, casual labour in sugarcane factories and rice and flour mills, as shop attendants or salespersons in nearby markets, etc. Though these jobs pay better than agricultural wage labour, they are not without their attendant forms of exploitation. For example, debt bondage and unpaid family labour are common in brick kilns. Social identity filters the jobs involving working inside a house. For example, a Dalit domestic worker has to wash utensils in the courtyard outside the house, using a separate hand pump. He or she is not allowed to enter the kitchen inside the house.

Both men and women are diversifying out of agriculture, men more than women though. Such feminization of agriculture is not to be celebrated. A patriarchal ideology and local socio-cultural traditions confine women to the village where agriculture continues to be their most important (but insufficient) source of food and income. Male outmigration has also pushed women into taking on more responsibility of own cultivation and to perform wage labour to ensure daily households survival. In a situation of declining agricultural employment without a corresponding increase in rural non-farm jobs, women are the worst affected. Lack of basic amenities, safety concerns

also impede women's mobility. Declining female work participation rate is also indicative of a lack of skill training and employment opportunities that can be combined with care and reproductive economy responsibilities in addition to that of own cultivation.

While the shift to rural non-farm employment is occurring across all classes, it is more the case for poor rural households – at the bottom it is distress driven as labourers pursue occupational multiplicity in hope of minimizing risk. SCs and landless are disproportionately represented here. At the top of the rural caste and class hierarchy, diversification is indicative of high educational attainments, business and trade, their wealth and social status and their access to political networks (Harriss-White & Janakarajan 2004 & Harriss-White 2008).

What we have today are classes of labour simultaneously engaged in various types of irregular and exploitative wage labour, migrant work, self-employment activities and other value adding labour activities. These are combined with small-scale farming. Logically then, labour is highly mobile, fragmented and straddling different production locations and spaces in the divisions of labour (Lerche 2010).

What makes this picture of rural employment particularly complex is the fact that employment relations in the countryside are shaped by a political-economy of difference based on gender, caste and class. India's rural labour market is actually very well structured and regulated by these axes of inequalities. Moreover, rural employment relations have to be understood against the backdrop of wider village based social, economic and political relations of dominance and subjugation. So, the very institution of labour market that is supposed to be a possible way out of poverty and humiliation ends up reiterating

these inequalities. This is particularly true for Dalits in general and Dalit women more so. I elaborate on this below with reference to Dalit women belonging to labouring households and who, in the face of men migrating and moving out of agriculture, continue to be disproportionately concentrated in demeaning and least paid agricultural and related work disproportionately. The point is illustrated further in the following section with the help of village based field studies. This part of the discussion will draw on secondary data and qualitative field based studies.

## 2.4 RURAL EMPLOYMENT AND THE PRECARIOUS POSITION OF DALIT WOMEN

To begin with, a few facts about rural labour market with reference to Dalits.

Land is an important socio-economic asset. Drawing on government figures, *Firstpost* reports that in the period between 1991 and 2004-05, landlessness increased from about 40 percent to about 52 percent (Mohanty 2018). About 56 percent of rural households don't own agricultural land and the incidence of landlessness is the highest among Dalits (Damodaran 2015). The share of land owned in rural India by different social groups was 13.06 percent for STs, 9.23 percent for SCs, 45.68 percent for OBCs and 32.03 percent for others (NSSO 2013). According to Thorat and Madheswaran (2018), in livestock and farm equipment, the share of SCs is 11.7 percent, 43.8 percent for OBCs, 25.5 percent for Higher Castes and 18.9 percent for the rest. The high degree of landlessness among Dalits also means

preponderance of Dalits in casual labour – as comes across clearly from the figures mentioned below. According to the India Exclusion Report 2016, even where Dalits own land, they are mostly marginal and small farmers and their land is of very poor quality. It reports that about 56 percent of women headed households were landless – indicating multiple layers of exclusion. Field based village studies show that there is a strong overlap between caste position and not just land but also asset and wealth ownership (Mehrotra 2013, Ramachandran et al. 2010, Swaminathan and Rawal 2015, Kumar 2017, Swaminathan and Das 2017).<sup>3</sup>

Damodaran (2015), drawing on SECC results, reports that there has been a delinking of rural and agriculture. Three-fourths of the total households in the country are in rural areas but for only 30 percent of them cultivation is the 'main' source of income. Just over 50 percent of rural households actually depend on 'manual casual labour' for their survival. At the top of the rural hierarchy are upper caste-class households whose income sources may still be significantly agrarian (farming, trade, retail, moneylending, renting out of machinery, etc.). But at the bottom of the rural hierarchy are the labouring households which are mainly Dalit who derive most of their income from a combination of sources. According to Mehrotra (2013, 2017), they combine own cultivation with wage labour, migrant work and petty self-employment activities in their struggle for survival. However, diversification away from agriculture is strongly gendered with men resorting to non-farm work (in villages and nearby urban centres) and migrant work to a much greater extent. With respect to self-employment, scope for rural non-

<sup>3</sup> For detailed data see Ramachandran et al. (2010), Swaminathan and Rawal (2015) and Swaminathan and Das (2017). See these works also for employment and income patterns.

agricultural self-employment is less and is largely a male preserve. Such activities (for example, peddlers, tailors, etc. reflect a minimal asset base (for example, a cycle, a sewing machine). They certainly pay more than what one can earn as an agricultural wage but come nowhere close to providing a decent regular wage. These jobs are nonetheless socially more esteemed than agricultural work which is seen as dirty and dishonourable (Jodhka 2008). There is also a strong overlap between caste and bondage – Dalits are overwhelmingly bonded labourers (India Exclusion Report 2013-14).

Land occupies a central position in the lives of labourers – as an economic asset and for socio-cultural and religious reasons. Land position is an important determinant of labour relations. The incidence of landlessness is high among women in general. According to an Oxfam report, about 85 percent of rural women in India are engaged in agriculture but only 13 percent of them owned land (Oxfam 2018). In the case of Dalits, landlessness is high and given patriarchal norms and cultural bias, it is possible that landownership among Dalit women would be even worse. One would assume that in the absence of agricultural land, men from Dalit labouring households would migrate to town and cities in search of employment. This is the general picture but needs to be nuanced further. For example, landless Musahar men from eastern Uttar Pradesh did not migrate. As men are more likely to find employment in and around villages, they needed to stay behind in the village to provide for their families. This was also because they live in a nuclear family set up and there were no other family members to take care of their families while they were away. So,

the landless and the poorest are not always likely to migrate. deHaan (1997, 1999) has argued that in certain cases, the landless are less likely to migrate because they cannot afford the expense of it and they lack the necessary social contacts. Guerin et al. (2012), in the context of brick kiln migration in Tamil Nadu, also found that in a wet area, labourers are less likely to migrate. Labourers derive a strong sense of identity from the village or lack connections or do not want to miss out on the benefits associated with patron-client relations.

Rural women workers continue to be mostly in agriculture. This is all the more true as their male relatives leave villages in search of year round and better paying seasonal work. The feminization of agricultural labour is more of a fact today as men are moving out of agriculture into rural non-farm employment or are migrating to work in other productive sectors in towns and cities. Returning migrants are unlikely to engage in agricultural wage labour because they see it as dirty and demeaning work which pays very less and wages are often delayed. What this indicates is that women are left to bear more responsibility of agricultural labour and everyday household survival but without any improvement in their position in the labour market or in their families. The government also does not recognize women as farmers and give them legal right to land<sup>4</sup>. Migrant work offers possibilities of economic and social mobility – but because of various reasons rural women workers are denied even this possibility.<sup>5</sup> In fact, Mehrotra (2013, 2017) has established that male outmigration is linked to withdrawal of women from wage labour and them bearing the uneven burden of unfree

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<sup>4</sup> The World Bank (2018) has reported that property right to women can secure them as producers of food and increase food production.

<sup>5</sup> Migration can also exacerbate the experience of social discrimination. For example, see Raj (2018).

labour relations. Returning migrants do not want their women to continue working in the field of upper caste-classes because it is reflection on their honour and pride – that as breadwinners they could not provide for their family. For migration, men may have initially borrowed from their employers in the village and in their absence, the women of their households provide tied or priority labour services to their creditor households. Women from Dalit labouring households, who are left behind in the village, actually continue to do wage labour without the knowledge of their male relatives. They do so because for them, their employers are a source of social protection in situations of family emergency, medical need, marriage, etc. They act as a source for credit and for negotiating with the state to access various public schemes, etc. Dalit labourers are dependent on their employers for access to the employer's fields for grazing their livestock, for defecation, for employment, for fodder, etc. Unlike men, women are held captive in local village based economy due to care and reproductive economy responsibilities. Inside the village, agriculture still continues to be the main source of income for women labourers. There are hardly any off-farm opportunities available inside the village that they can combine with their other responsibilities. Where women undertake home based work as a part of various putting out arrangements, their work participation wages, skills and wages are determined by local value systems and patriarchal norms (for example, see Mezzadri 2016). In sum, labour relations of Dalit women are a part of wider village-based social, economic and political relations of dominance and subjugation and are shaped by class, caste and gender identities.

Within agriculture there is a sexual division of labour, enforced by an internalized patriarchal ideology. Women are confined to the least paid tasks such as weeding, threshing and paddy

transplantation. Gendered division of labour in agriculture has been observed for decades now (Kapadia 1995 and Breman 2007). According to da Corta and Venkateshwarlu (1999), this gendered division of labour is also class division between 'a non-propertied/waged workforce composed of women...and self-employed men...' (104). What is important to note is that women perform these 'male' tasks in their own fields, indicating how patriarchy sustains gendered socio-economic roles or the male breadwinner and women in a supplementary economic role. It is a striking fact that livelihood activities, that is, activities that help in household reproduction but do not have a monetary value, or at least not immediately, are carried out solely by women. These activities include collecting firewood, making and storing cow-dung cakes and, very importantly, providing unpaid labour to upper caste-class families, for example, by sweeping their courtyards, tending their livestock and cleaning and drying their grain. This gendered division of labour is rarely broken even where government programmes such as MGNREGA are concerned. In fact, where non-farm employment is concerned, the greatest increase has been seen in construction and for women this has primarily been under MGNREGA. This highlights the importance of public programmes in providing employment for the most marginalized, breaching barriers of social identities.

'Bound' as they are to the village and to agriculture, Dalit female labourers have borne the brunt of steadily declining agricultural employment. Add to this the fact that female wages, in general, are anyways very low and their wage relations are not just an economic contract. A recent report in DownToEarth, citing figures released by the Ministry of Agriculture, says that women farmers and agricultural labourers are paid 22 percent less than male farmers and agricultural labourers (Pandey 2018). Drawing on NSS data, Mondal et al. (2018) have attributed much of

this gender wage gap to discrimination rather than endowment effect.<sup>6</sup> Wage relations are also influenced by interlocked or tied land, labour and credit linkages between women labourers and their employers (Mehrotra 2013, 2017; Das Gupta 2019). For example, women belonging to indebted households are expected to provide priority labour to their employer-cum-creditor household during the peak season. These women may even have to accept wages lower than the prevailing market rate or may be paid partially or later than other labourers.

In the case of rural women in general, there has been very limited occupational diversification. Mondal et al.'s (2018) study of NSS data shows that almost 75 percent of rural women continue to be in agriculture. Outside of agriculture, rural women work as para-teachers and health workers, in construction, garments, domestic work, etc. Much of this diversification is because of government initiatives such as SSA, RMSA, NRHM and MGNREGA. This again highlights the role of government in employment generation in rural areas, specifically for women. However, in comparison to regular jobs, much of this employment is contractual and remunerated at a lower rate. In fact, ASHAs and ANMs are categorized as volunteers and paid honoraria. In much like the upper caste-class employers of these women workers, the mai-baap government actually benefitted from a readily available cheap labour force, in the process reifying occupational segregation. My own research indicates that even these are much coveted jobs and captured by the not so poor. These are coveted because they pay much more than agricultural wage labour and are perceived as relatively prestigious jobs

(clean, reflect some educational attainment) and workers hold the hope that eventually the Sarkar would regularize them.

Mehrotra's work (2013, 2017) shows that even today one can find instances where, across caste groups, women (individually or as part of family) have continued with traditional caste occupations. For example, the older Chamar women worked as dais, helping with child birth. Baniyas are majorly into small businesses and elderly women of these households also help out at shops. For example, kirana shops, shops dealing in fertilizers, clothes, utensils, building materials, stationery, etc. The poorer baniyas work as vendors and peddlers, moving from village to village on their cycles, selling small items such as cosmetics, fruits and vegetables or cooked food items. Ahir families sell milk and milk products. Here, there are two interesting things to note. One is that while women make curd at home, it is men who sell milk and curd to the shops in the market. It is men who enter the market, who make the sale, who earn and control the income. The second thing to note is that other labouring households also sell milk to shops or milkmen who come to the village. However, milk from Dalit households gets sold at a much lower rate. They also don't make curd. What this means is that caste decisively decides how one participates in the market and with what outcomes. So, Dalits or even other households sell only milk and not milk products

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<sup>6</sup> Endowment factors include education, capital assets, etc. Differences in endowment may be a possible explanation for income and employment differences.



because that is seen as the job of Ahirs. Also, milk from Dalit labouring households is not much in demand and also does not fetch the market rate. Such discrimination is also seen in the case of self-employed Dalits. Caste based spatial organization of villages means that the customer base for home based Dalit kirana shops is also mostly Dalit or middle castes from neighbouring hamlets. Their tiny shops which are more like a stall have a small stock and since social and economic relations overlap, their customers may pay less or pay later.

Socio-cultural factors also are important determinants of female rural employment. For example, the case of brick kiln work which is one of the most exploitative and stigmatized types of work is characterized by bonded labour to a significant extent. Women from patriarchal north Indian states such as Uttar Pradesh typify brick kilns dotting the area around their villages as sites of sexual harassment and alcohol production. The female body is seen as the site of family 'honour' and 'purity' and for these women to work alongside strange men, who are not even locals (incoming migrants from Ranchi), would be morally unacceptable. To go searching for work behind their husbands' backs is deemed even more objectionable because this signals that they are loose women who cannot live on their husbands' earnings. The local Dalit women regularly slandered the 'different' incoming female labourers from Ranchi: for their work-style attire (saree draped in a dhoti style which is divided in the middle to allow greater mobility), for carrying their children in slings on their backs while working, for being loud-mouthed and abusive and for brewing and selling alcohol - the very opposite of the conservative patriarchal local female ideal type which was epitomized by the women from the upper caste-classes who, docile and dependent, were confined to their households. This was the norm aspired to by poor

Dalit women. Only the poorest of the poor, men from the landless Musahar community worked at the brick kilns under extremely oppressive terms and conditions of work involving bonded and unpaid family labour. A recent Anti-Slavery International report (2017) on brick kiln workers in India documents that most of the workers are from marginalized communities. Moulding of bricks is paid on piece rate basis, so while it is the man who is the 'worker', actually it functions on family labour, where the entire family is engaged in work to mould as many bricks as possible in an attempt to maximize income. Recruitment is debt based, child labour is very common, wages are less than the prescribed minimum, basic amenities are also absent.

## 2.5 POLICY SUGGESTIONS

This chapter began with an understanding of rural labour markets as arenas of unequal power relations exploiting social identities such as caste and gender in the pursuit of capitalist accumulation. Simultaneously, India's labouring poor who are more than likely to be Dalits and Adivasis, are made more vulnerable. It then went on to illustrate that neoliberalism has intensified rural distress and one dimension of this is a severe crisis of rural employment. It can be linked to the large-scale mechanization and cropping pattern shift in agricultural policy in the period. While these phenomena have pushed men out of village economy, they have pushed women into a precarious kind of labour position. Within villages, the brunt of this has been borne by women and these are more than likely to be from Dalit and Adivasi rural labouring households. Gender needs to be understood as intertwined with caste and class. Inside India's villages, poverty, unemployment and unfreedom have a female face. There is an urgent need to recognize this fact and take action along the lines suggested above. If women are the tillers, then for food and

income we need to secure them institutional and infrastructural support. A step in this direction has been the proposal by the latest Economic Survey (2017-18) to design a women farmer friendly policy in terms of targeting access to land, water, credit, technology and training (Sally 2018). One does wonder, however, who these women farmers the government is talking about are? Since landownership is essential to be recognized as a farmer in official statistics, most women would be outside the purview of any such policy.

What policy considerations emerge from the above discussion? Given below are some recommendations that the government of the day must consider in designing appropriate policies on rural employment, especially for women:

(i) Agriculture needs to be made a priority, not just as a productive sector but for equity and employment. There is need for increased public investment in irrigation, research and extension services, input subsidies, better storage and transport facilities, etc. The state needs to undertake long-term investment in rural development and employment generation schemes and not stifle these with funding cuts and technology obsession.<sup>7</sup> Given the preponderance of rural women in agriculture, the policy has to cater to women's interest in terms of extending credit, access other infrastructural support.

(ii) Even though land alone cannot improve the overall position of rural women, ensuring land rights to women is imperative for a variety of reasons. Despite a policy framework on land rights for women, implementation remains a huge challenge. In this context, Oxfam (2013) has recommended that where government land

is being redistributed, single titles in favour of women should be prioritized and in the case of private land, joint titles should be given. In a country with patriarchal norms, joint titles may be preferred and more pragmatic. As such, the government should consider removing registration fees and stamp duty in cases where a single title is being converted into joint ownership of husband and wife (Oxfam 2016).

While the law gives men and women the right to agricultural property, male preference has effectively kept women deprived from the realization of this right. Moreover, states continue to follow discriminatory state laws, personal laws or customary laws on agricultural land (for details, see Oxfam 2016). Here, there is need to bring some sort of uniformity in inheritance of agricultural land. In other words, more concerted efforts are needed for the implementation of the Hindu Succession Amendment Act 2005, to provide women with clear land titles and to monitor the performance of courts and bureaucrats on this front (Oxfam 2013, 2016). Women are the 'tillers' today. Having land in their name will boost their productivity and efficiency. As holders of land title, they can directly access formal credit. This will also lead to official recognition of women as farmers and lend visibility to their work. Over a period of time, this will also have multiplier effects in terms of better educational and health outcomes, food and nutrition security and perhaps, eventually put a significant dent in patriarchal norms of the Indian society. Leasing of land through cooperatives or SHGs may also be considered to enable women access land and realize economies of scale. For example, Kudumbashree in Kerala and Deccan Development Society in Telangana.

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<sup>7</sup> For instance, see Ghosh (2015) and Srivastava (2018) on how funding cuts and Aadhaar are affecting the rural poor.

Leasing in of land by women farmers' collectives needs to be backed by appropriate legal framework to ensure a secure and reasonable lease period which in turn would incentivize investments in land and enhance livelihood security (Oxfam 2013, 2016). The government, by providing some seed money and enabling access to credit, can help women farmers' collectives to overcome financial limitations and improve their bargaining position in the market vis-a-vis those who are unwilling to lease land to women.

(iii) Recent policies have disproportionately focused on machine-driven agriculture. In addition, NREGA was offering rural employment –with regional variations – which has seen a decline in last few years. In this context, turning to labour intensive techniques in rural industrialization – food processing and packaging, boosting the arts and crafts sector, etc. can address the situation.

The state needs to play an important role in ensuring institutional and infrastructural support through research and extension services catering specifically to women farmers, provisioning of credit, building irrigation and storage facilities, by ensuring that inputs are subsidised and made available through government shops, by investing in R&D for small-scale and women friendly machines, by making sure that crèches and centres for the elderly and worksites are equipped with basic amenities such as toilets and drinking water, etc. The problem here is that in the absence of landownership, women do not get recognized as farmers, resulting in their exclusion from government schemes. Oxfam (2013) has suggested delinking entitlements for farmers from landownership. Oxfam (2013) also recommends affirmative action to improve women's access to schemes – there should a mandatory 33 percent reservation for women in all public schemes supporting women farmers.

Rising consciousness about the health and environmental consequences of chemical farming has led to increasing demand for organic food products (especially seen in upscale classes and hotels of metropolitan cities). Might then one think of helping rural farmers adopt organic farming methods and integrate them in local chain network as suppliers of organic produce? In other words, traditional knowledge can also be adapted into lucrative business models.

(vi) For long, the assumption has been that women do not want to work. Actually, the problem lies in the type and location of work which stops women from working. They fear backlash from society and their own families if they turn to 'new' types of employment. Location of the work is important because women have to combine this work with other household chores, own cultivation and care and reproductive economy responsibilities. So there is need to devise appropriate employment opportunities in the vicinity of the household. Work that has traditionally been typecast as 'man's' is unlikely to find any takers from women workers even if it is locally available. Here, the presence of state matters – as seen above in the case of women engaging in construction work under MGNREGA. Outside of agriculture, tailoring, weaving, bidi making, processing are seen as women's tasks. Here, efforts on various fronts are required. Various stakeholders should provide opportunities for learning tailoring or weaving skills, opportunities for related learning such as designing, embroidering, crocheting, knitting, etc. Skill upgradation is important and would also be more value adding. Such programmes would mean little without institutional support in terms accessing training, formal credit or seed money and market linkages. Here, the role of technology in imparting skill lessons or linking women to e-retailers may be more pragmatic considering the restrictions on their mobility. This would also entail ensuring



infrastructure such as electricity, computers and internet connectivity. Simultaneously, there is need to change social attitudes as well. Women can also be main breadwinners. One should be careful though of attendant forms of exploitation in home-based work – distress self-employment, drawing on family labour, etc. Because the state has somewhat successfully challenged gendering of work roles as seen in MGNREGA, perhaps, the state needs to take a more direct and hands on role in village based skill training and employment generation for women. Skill training and upgradation is an important way of improving the employability of rural people, especially women, who are faced with various barriers (for example, training fees, inflexible schedules, high transportation costs, gendered social roles and households responsibilities, etc) in accessing education and technical or vocational training. Not only is it important to ensure that skill training matches labour market requirements,

but ways of gender friendly training can also be explored. For example, providing transportation and child care facilities, combining skill training with building confidence and leadership skills, developing a flexible training schedule, etc.

(vii) Formulation of appropriate policy response requires reliable data. The importance of land rights for women is abundantly clear from the above point, but unfortunately official statistics do not capture how many women own land (whether agricultural or homestead). Data is also required to gauge the effectiveness of policy. For example, an Oxfam brief (2016) reports that there is no reliable country level data on whether women indeed received joint titles as mandated by the government from the mid-1990s. The lack of data handicaps appropriate policy planning targeting women. The same policy brief recommends the institution of a policy to collect sex-disaggregated data on women's ownership of all kinds of land.

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# WHY INDIA MIGRATES

In the last week of October, the CPI (ML) in Bhojpur's Sahar block in Bihar held a three-day chakka jam. They were protesting the use of JCBs (earth moving heavy machinery) in sand mining and demanded that locals be provided employment instead. The Son River that flows by Sahar block, and through Bhojpur, carries a lot of sand during monsoons from Madhya Pradesh making these parts very lucrative sand mines.

Over 20 Ghats in Bhojpur are auctioned for sand mining. A 2015 pre-feasibility report on sand mining in Bhojpur, stated that this would not just be economical for the state but also boost local employment providing livelihood to the poorest sections of the society, especially the 'economically backward population and tribals in the area'<sup>1</sup>. As it turned out, this wasn't the case.

Baruhi Ghat is one of the 24 auctioned Ghats in Bhojpur. According to the report, these 24 sand mines would have 310 working days and would need 200-250 man power<sup>2</sup>. The rural employment opportunities under the MGNREGA, too, have been few and far between.

With employment opportunities drying up in villages, the men have migrated to Mumbai and

Delhi to work on construction sites. The labourers working in the cities earn anything between INR 200-600 per day, depending on the level of skill involved, and in some cases work for 15-20 days a month; this is still more consistent than the work that farms generate. There is the ploughing and sowing for wheat and legumes in January for which men are preferred and so they come back from the cities. What they send back, after spending on room rent and food, is not enough. Women have to augment this income by working as farm labourers or sharecroppers or both. Women get work in July and August (sowing of paddy) and December (during harvest). While the rates for sowing and harvesting, for women, is INR 100 per day; the weeding rates are fixed at INR 50.

The rest of the year, some women work as sharecroppers and work in groups. Susheela Devi's husband and son, both, have left the village. She and her daughter-in-law, Basanti Devi work in farms. They are Mahadalit and belong to the Chamar community.

These women work in the fields for daily wages of INR 100 or 3.5 kgs of rice. The wages aren't paid daily and are subject to the amount of work done.

1 [http://environmentclearance.nic.in/writereaddata/Online/TOR/o\\_o\\_10\\_Dec\\_2015\\_2004333131PFR-bhojpur.pdf](http://environmentclearance.nic.in/writereaddata/Online/TOR/o_o_10_Dec_2015_2004333131PFR-bhojpur.pdf) (as viewed on Nov 9, 2018).

2 [http://environmentclearance.nic.in/writereaddata/Online/TOR/o\\_o\\_10\\_Dec\\_2015\\_2004333131PFR-bhojpur.pdf](http://environmentclearance.nic.in/writereaddata/Online/TOR/o_o_10_Dec_2015_2004333131PFR-bhojpur.pdf) (as viewed on Nov 9, 2018).



Women start their day early but the landowners give them no food, just a couple of biscuits sometimes.

The wages in cash that they receive is below what men would have got; he would be paid INR 200-250 a day. And the wages would have been marginally higher, even for women, had they belonged to a backward community. They have tried to negotiate with the landowners but this has often met with the threat of replacing them with labourers from neighbouring villages. When paid in rice, the women said it was of poor quality or mixed with some chaff or feed.

In Devnarayannagar, not far from Baruhi, due to the efforts of the Saraswati Mahila Kisaan Samooh (a part of a project of Oxfam India and Pragati Grameen Vikas Samiti [PGVS]) labourers who were hardly paid, negotiated for better wages. Musahars, is the lowest rung among the Mahadalit, and are poorly paid. Women are worse off.

But not all opt for sharecropping or farm work. Instead of migrating to towns, they migrate to other villages. Bhangiya Devi, a Musahar in her mid-20 from Gaya district, spends a large part of her year at the brick kiln in Baruhi village. She and her family (children and husband) live in makeshift huts, travel with their pots and pans every year. They leave the kilns during the monsoons - June to September - when the work

is slow. They are paid INR 500 for 1000 bricks. Two people can make about 2500 a day. They sometimes get paid on a weekly basis and on other occasions, their wages are deducted from the advance they take in the beginning of the month. The brick kiln workers in Bhojpur are mostly from Gaya, where the wages are extremely low - both at the kilns and farm.

These women are not kept out of the workforce on the basis of their caste. What they do discriminate in, are the wages they are paid and the working conditions. This can be improved if the women (and men) make collectives and demand better pay as was done by the Saraswati Mahila Kisaan Samooh.

The landowner-labourer relationship is changing to the extent that the latter do not go to the former for loans; they borrow from within the Self Help Groups at lower interest rates. What is beginning to worry them however is the fact that with mechanization, like harvester and JCB, they might be on the losing end.



# 3. WHAT MATTERS FOR URBAN WOMEN'S WORK

A DEEP DIVE INTO FALLING FEMALE LABOUR FORCE PARTICIPATION

BY SHAMINDRA NATH ROY AND PARTHA MUKHOPADHYAY







In 2017, out of 195 countries, India ranked **127** in Gender Inequality Index and **149** in Gender Development Index (UNDP Human Development Report).



One out of three (**32.2%**) female workers in urban household manufacturing is Muslim. Manufacturing employs **39.2%** of Muslim women, **22.9%** of non-SC/ST Hindus and **20%** of Hindu SC women (Census of India, 2011).



Two of the most female-intensive industries of urban non-farm work are domestic work and manufacturing of tobacco products where **80.9%** and **77.5%** of the workforce respectively is female. These two industries employ **8.4%** of the female workforce but only **0.6%** of the male workforce. (Census of India 2011)



The two activities employing the largest number of urban women in India are education, at **13.2%**, and retail trade, at **6.1%** of the female workforce, but only one out of five (**20.4%**) workers in these two industries is female. (Census of India 2011)



Half (**49.5%**) of the married women workers work in the same industry of work as their husbands (NSS EUS 2011-12).



Four out of five (**81%**) of college educated women workers work in the service sector, while manufacturing employs **44%** of women workers who only have school level education (NSS EUS 2011-12).



### 3.1 DO INDIAN WOMEN WORK?

India is now (in 2017), 20th from the bottom, out of 187 countries, in terms of Female Labour Force Participation (FLFP), down 18 spots from its rank during the 1990s. In South Asia, India ranks second lowest only after Pakistan and globally, it is only better than the countries of Middle-East and North Africa (20.6 percent), but significantly lower than China (61.5 percent) and countries of East Asia and Pacific (60.1 percent), as well as Latin American and Caribbean countries (51.5 percent).<sup>1</sup> Indeed, at 16.8 percent, the latest estimate of India's urban FLFP is much lower than that of overall Middle East levels.

On the other hand, if Indian FLFP attained current Chinese levels, as above, it could add about 27 percent to GDP and if women in India had the same labour force participation rate (79.7 percent instead of 30.8 percent) as men, then India's GDP

could rise by over 43 percent, that is, by INR 72 trillion.<sup>2</sup> That is an estimate of the loss caused by the low level of female workforce participation. Thus, even ignoring other reasons, of which there are many, possibly more important than economic activity (see Fletcher et al. 2017 for a review), for purely economic reasons one must ask: why is labour force participation in India so unequal?

Note that this does not even begin to address another important issue: is work, and therefore economic value, being measured properly? For example, care work, such as looking after people, seeing to their wants and needs, monitoring and maintaining machines, plants, animals is work that enables other work that is more socially valued to be productive. Yet, it remains largely unrecognized (see Box 3.1). This is discussed more extensively in the chapter on unpaid care work in this report.

#### Box 3.1: Who Works More?

The definition of work is undergoing change, but slowly. If any 'activity performed by persons of any sex and age to produce goods or provide services for use by others or for own use' (emphasis added) is counted as work, activities classified as domestic duties or work for household use by the NSSO (codes 92 and 93) would need to be included as in Mondal et al. (2018). Using this expanded definition, if we construct an expanded Labour Force Participation Rate, the male LFPR in 2011-12 increases from 76.4 percent to 76.7 percent, but the FLFPR increases from 20.5 percent to 81.7 percent! This is because women comprise 99.4 percent of the workforce performing domestic duties or work for household use. Thus, once we take such unpaid work into account, women work much more than men.

1 This is from the ILO model estimate for 15+ population in the World Development Indicators of the World Bank, 2018.

2 Derived from NSS 68th Round (2011-12) for males and females aged 15 years and above, and for both usual principal and subsidiary status. This assumes the additional female workers have the same productivity as the average worker. The increase is calculated using the provisional estimates for GDP at current prices at 167.7 trillion rupees for 2017-18.

## 3.2 EXISTING EXPLANATIONS OF LOW AND DECLINING FLFP

There has been much discussion of women's work recently, but much of that has focused on why the low FLFP is declining further and relatively little attention has been paid to why it is low in the first place, especially in urban areas, where the latest (2015-16) official numbers (including subsidiary work) indicate urban FLFP of 16.6 percent and a female work force participation (FWFP) of 14.8 percent, with substantial variation across the country. One caveat to this is that many women report to be willing to work part-time, if it is 'available at [their] household'. If all these women are counted, the FLFP would increase by 21 percentage points (Fletcher, et. al. 2017).

The explanations of low and declining FLFP in India focus around the helix of cultural constraints and low returns from work. Factors such as education, both self and husband's, lack of skills, the competing responsibility of family care work, and social disapproval of working women are advanced as important cultural constraints of FLFP (Dasgupta et al. 2005, Kapsos et al. 2014). Concomitantly, issues of lower wages, low infrastructure provision, declining returns from agriculture and fragmentation of land and lack of 'suitable work' (Chaudhary & Verick 2014) reduce the returns from working. Depending on the viewpoint, the policy discourse also varies. Those privileging cultural explanations anticipate a slow change, while others argue that the solution lies in redressing structural constraints. This chapter tries to look a little deeper into this debate, to unpack viable interventions that could encourage more women to join the labour force.

FLFP has been falling relatively steadily since late 1970s in India, despite (or due to?) rapid economic growth, especially in the post-

liberalization period (Mehrotra and Parida 2017). The rate of decline increased recently, and is more pronounced in rural than in urban areas (Desai et al. 2018). One argument is that this is the manifestation of a cross-country regularity, a U-shaped association between income and FLFP (Schultz 1990 & 1991, Kottis 1990, Goldin 1995). As the economy grows and women move out from agriculture and labour-intensive jobs, FLFP falls, rising eventually with higher education and better jobs. This strong decline in FLFP is evident when we compare illiterate women (high) to women who have secondary or higher secondary education (low), until it rises for women with college education (Chatterjee et al. 2018). For men, on the other hand, there is a steady increase in participation with education.

### 3.2.1 Demand side explanations

The first reason for falling FLFP is the decline in farm jobs, which has led to the withdrawal of females from labour force in rural and rapidly transforming urban areas (Kannan and Raveendran 2012, Chatterjee et al. 2015) and they have not been able to find other jobs suitable for them. This explanation encompasses many effects. Some of the major ones are described below:

#### 3.2.1.1 Decreasing demand for farm work

One premise, valid more for rural areas, is that there is decreasing demand for farm work, especially casual farm work where women are overrepresented (Bardhan 1985, Srivastava and Srivastava 2010), in part as a result of mechanization or a move away from the farm. It is unclear why this leads to a lower FLFP, instead of FWFP – that is, why women report themselves as out of the labour force, rather than unemployed, though some explanation can be found in their availability for part-time work at home (ibid).

### 3.2.1.2 Change in Sectoral Composition

Another is that women withdraw because sectors where work is available – agriculture and construction – where less educated women worked, are considered unsuitable once women become more educated. Per contra, even in a patriarchal society such as Bangladesh similar to India, higher FLFP can result from growth of wage employment in industries such as garments (World Bank 2012). So, another way to state this is that there is low demand for employment from such 'suitable' sectors.

Indeed, over the period 2011-12 to 2015-16, when there has been an absolute decline in manufacturing employment, the burden of adjustment has been disproportionately on women, as brought out in the accompanying case study, with the share of manufacturing in urban female workforce dropping from 28.5 percent to 21.5 percent, while the share in male workforce fell from 22.1 percent to 18 percent, which resulted in the share of women in manufacturing reducing from nearly a fourth to a fifth of the workforce.

### 3.2.1.3 Nature of Employment

A related reason is that the nature of work on offer – non-regular/ non-salaried employment – is no longer compatible with higher levels of education. Women, especially after attaining a moderate level of education, are reluctant to accept casual work, especially out of the household. Chatterjee et al. (2018) find that

the decline in FLFP among women with more education is highest in casual work (both farm and non-farm), even more than the decline in unpaid household work. Sanghi et al. (2015) also find that women no longer prefer to be working as helpers or casual labourers unless they are paid well.<sup>3</sup>

### 3.2.1.4 Occupational Segregation

Worryingly, it is precisely such work that is on offer. Chatterjee et al. (2018) also find that much of female employment is concentrated in semi-skilled or unskilled jobs, while desirable 'white collar' urban employment is mostly undertaken by men. Even when described as 'professionals, associate professionals, administrators and managers', most such urban women workers are either own account or unpaid family workers (Raju 2013, Mondal et al. 2018).<sup>4</sup> Two-thirds of urban female unpaid family workers are home based. In rural areas, even in the education and health sectors, with a greater presence of the public sector, women disproportionately occupy irregularly paid and informal jobs in the form of para-teachers, auxiliary midwives or AASHA workers. This reflects occupational segregation, that is, women are slotted into specific job roles.

### 3.2.1.5 Wage Discrimination

There is also wage discrimination, where similarly qualified women are paid less than men – a third less by some estimates (International Labour Organization 2018) – for similar jobs. This is true across types of jobs. From the Fifth

<sup>3</sup> Women working as own account workers increased in lower consumption deciles, and unpaid helpers decreased in the higher deciles. While participation in casual public work rose between 2004-05 and 2011-12, it dropped across all decile classes for other casual work.

<sup>4</sup> This could be because they are mainly engaged within the self-help groups (SHG) and co-operatives as partners and have been recorded as directors or working proprietors, even as they are for the most part confined to food processing and textile and garment manufacturing (Mondal et al. 2018).

Annual Employment Survey, it can be seen that women are 1.9 to 2.4 times more likely to be in the bottom wage category as men.<sup>5</sup> It is important to recognize that if reservation wages – the wage that will encourage a person to seek work – does not vary as much by gender, while market wages for women are much lower, fewer women will join the labour force. This is because they are discouraged by the inequality in wage offers, not because they voluntarily stay out of the labour force. This effect is likely to be more pronounced as more urban women become educated – indeed in many states a higher share of women possess college degrees than men. This issue is discussed in detail in the preceding chapter on wage inequality in this report.

### 3.2.1.6 Regulatory burden

A number of states have specific regulations about workplace conditions for women which affect the incentive of employers to employ women. While these are advanced as a way to improve safety for women, they can also act as an employment dampener (Ghai 2018).

## 3.2.2 Supply Side Explanations

Women are studying instead of working. A common explanation is that more women are attending educational institutions, which is why they are not in the labour force. While it is true that proportionately more women are being educated, the share of women more than 15 years old who are Neither in Education nor in Employment or Training (NEET) rose from

48 percent to 55.7 percent in rural areas but only slightly from 66.7 percent to 67.3 percent in urban areas over in 1993-94 to 2011-12 (National Sample Survey Organization 1993-94, 2011-12, Ghai 2018).

### 3.2.2.1 Patriarchy

Ghai (2018) directly confronts the issue of low levels of FLFP by constructing a measure of patriarchy using the NFHS 2015-16 data and finds that it has a positive and significant correlation with share of college educated who are out of the labour force. Interestingly, some southern states such as Telangana or Andhra Pradesh turn out to be as patriarchal as northern states such as Haryana and Bihar.

### 3.2.2.2 Skill mismatch

Even in places where there is an increase in non-farm jobs in large cities, the skill level of female workers, who have been released from farm jobs are not aligned to the needs of such jobs.<sup>6</sup>

### 3.2.2.3 Marriage-related relocation

This skill mismatch is exacerbated by the spatially hypergamous nature of marriage in India. The tendency to marry daughters away from their natal homes creates challenges for them to secure a job if they migrate to relatively developed spaces, especially from villages to cities. Studies dealing with long distance hypergamous marriages show how economic impediments such as low skills and cross-cultural hindrances have affected

<sup>5</sup> While 36.4 percent, 17.9 percent and 7.9 percent of men earn less than 5000 rupees (bottom category), for casual work, contract work and regular salaried work respectively, the share of women in this category is 69.4 percent, 43.65 and 19.2 percent respectively.

<sup>6</sup> It is argued that the low skill and education level of women from poorer households in rural and urban areas makes them vulnerable to economic downturns, which is evident in cyclical fluctuation of female employment and higher incidence of temporary work in labour-intensive sectors (Mehrotra 2017).

women's participation in market-oriented jobs at their spousal homes (Kaur 2004 & 2013).<sup>7</sup>

### 3.2.2.4 Changing nature of household domestic activities

Coupled with the decline in agricultural jobs, a shift in the nature of household domestic activities has caused a decline in the post marriage work of rural women (Mehrotra 2017). As children stop working and older girl children stay in school, domestic work activities such as child and elderly care and other duties such as collection of fuel, animal rearing, etc. devolve on older women, who were earlier working. Increase in the share of nuclear families in both rural and urban areas intensifies this effect. The contribution of this additional 'reproductive labour' (see Box 3.1), which actually increased at a higher rate than the purely domestic duties is largely ignored while determining work force participation, even though such labour is necessary for survival (Naidu and Rao 2018).

### 3.2.2.5 Income-effect of the household

Increased household income leads to withdrawal of married women from the labour force (Abraham 2009, Srivastava and Srivastava 2010, Himanshu 2011, Sarkar et al. 2019, Chatterjee et al. 2018). This is exacerbated by the phenomenon (Behrman et al. 1995) where women usually marry more educated men. The consequent increase in income discourages the wife from joining the labour market. She is, instead, occupied in 'status producing household work' (Abraham 2009, Sarkar et al. 2019)<sup>8</sup>.

In this vein, MGNREGA is also a factor responsible for rural women's withdrawal from labour force. Some (Mehrotra 2017) have argued that a MGNREGA-induced increase in rural real wages after 2004-05 fostered male employment, and the increased income encouraged their wives to drop out of the labour force. Other studies (Desai et al. 2018, Mondal et al. 2018, Sarkar, et al. 2019) argue that MGNREGA instead increased women's participation in wage work in villages, especially where its implementation was strong. Since the wages for men and women are the same in this scheme, many families chose to have women participate in MGNREGA while men sought higher income elsewhere.

### 3.2.2.6 Infrastructure

Other than the explanations above, lack of access to infrastructure, especially roads, is regarded as a major factor responsible for low rural FLFP. Empirical work using the IHDS surveys have shown that the construction of either a kutchha or a pucca road increases the odds of women's participation in non-farm work by 1.5 and 1.4 times, respectively (Lei et al. 2017), which, given the expansion in rural roads under PMGSY (Prime Minister's Gram Sadak Yojana or rural roads programme), should have led to higher FLFP. In urban areas, safe working environments for factory workers, childcare for informally employed women are forms of social infrastructure that can help in increasing FLFP (Sudarshan & Bhattacharya 2009).

<sup>7</sup> Empirical studies show higher drop-outs from labour force post marriage migrants for younger women (Banerjee and Raju 2009). The spatial nature of such phenomena is also interesting, where lower sex ratio leads to an importation of brides, moving from higher FLFP to lower FLFP states.

<sup>8</sup> Despite a decline in child marriage over time, the age of marriage for females is usually in early 20s in India (Desai and Andrist 2010). Hence, the unavailability of suitable work leads to an early marriage for a lot of educated women who do not prefer to do casual jobs post marriage.

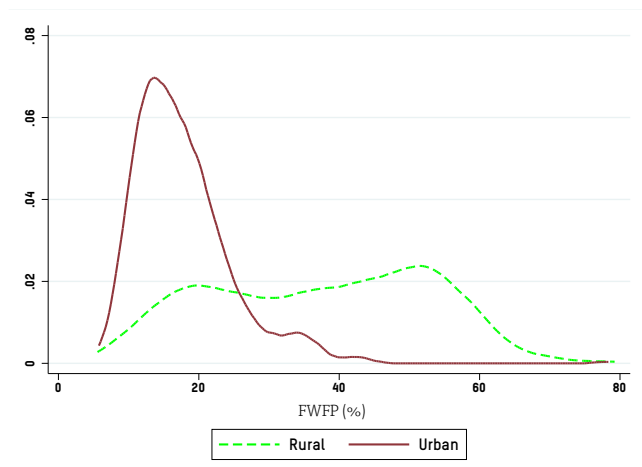
### 3.3 WHAT MATTERS FOR URBAN WOMEN’S WORK?

Much of the discussion thus far has been on the decline of FLFP. We will now focus on the low levels of participation in the urban non-farm sector. The reason for this is that urban FLFP has been both low and stable, indicating a structural deficiency, as compared to rural FLFP. Furthermore, if it continues to be lower than its rural counterpart, the transformation from a rural farm to urban non-farm workforce will lead to a lower FLFP simply by the compositional effect. We also move from looking at FLFP to FWFP that is, from labour force to workforce participation, to disentangle industry related effects on women’s work.

#### 3.3.1 Choice of data matters

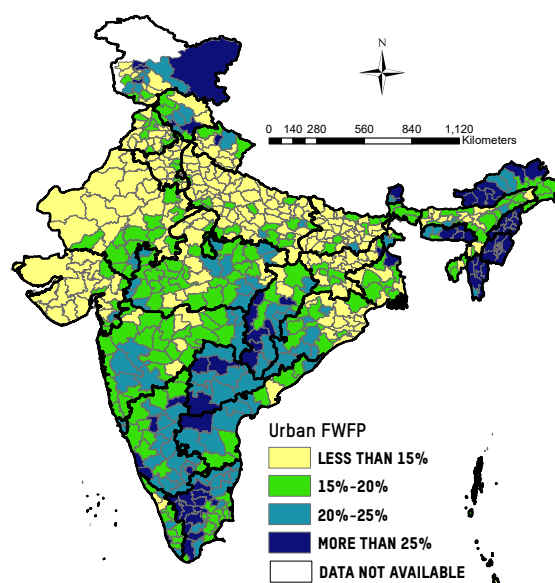
To begin with, it is useful to appreciate the variation in FWFP across India – that different parts of India have very different patterns of women’s work. Figure 3.1 shows the distribution of rural and urban FWFP across 640 districts of India from the Census of 2011. As one can see, the rural FWFP distribution has much wider range than the urban distribution – 93 districts have an urban FWFP of more than 30 percent while rural FWFP is above this level in 476 districts. Similarly, while 317 districts have a rural FWFP of more than 50 percent, only 7 districts have an urban FWFP above this level.

**FIGURE 3.1. RURAL-URBAN DISTRIBUTION OF FWFP**



Source: Authors’ analysis from Census 2011

**FIGURE 3.2. SPATIAL DISTRIBUTION OF URBAN FWFP (ALL AGES)**



Source: Authors’ analysis from Census 2011



**TABLE 3.1 MEASURES OF FWFP ACROSS VARIOUS DATASETS**

DATA-TYPE	RURAL		URBAN	
	'Full-Time'	All Workers	'Full-Time'	All Workers
<b>Census</b>	26.34	46.23	15.38	20.77
<b>NSS EUS</b>	27.79	38.16	16.38	19.95
<b>IHDS-II</b>	4.89	41.44	5.26	14.76
<b>NFHS-IV</b>	17.01	33.31	17.83	23.79

*Source:* Authors' analysis from Census of India 2011, NSS EUS 2011-12, IHDS-II (2011-12) and NFHS-IV (2015-16)

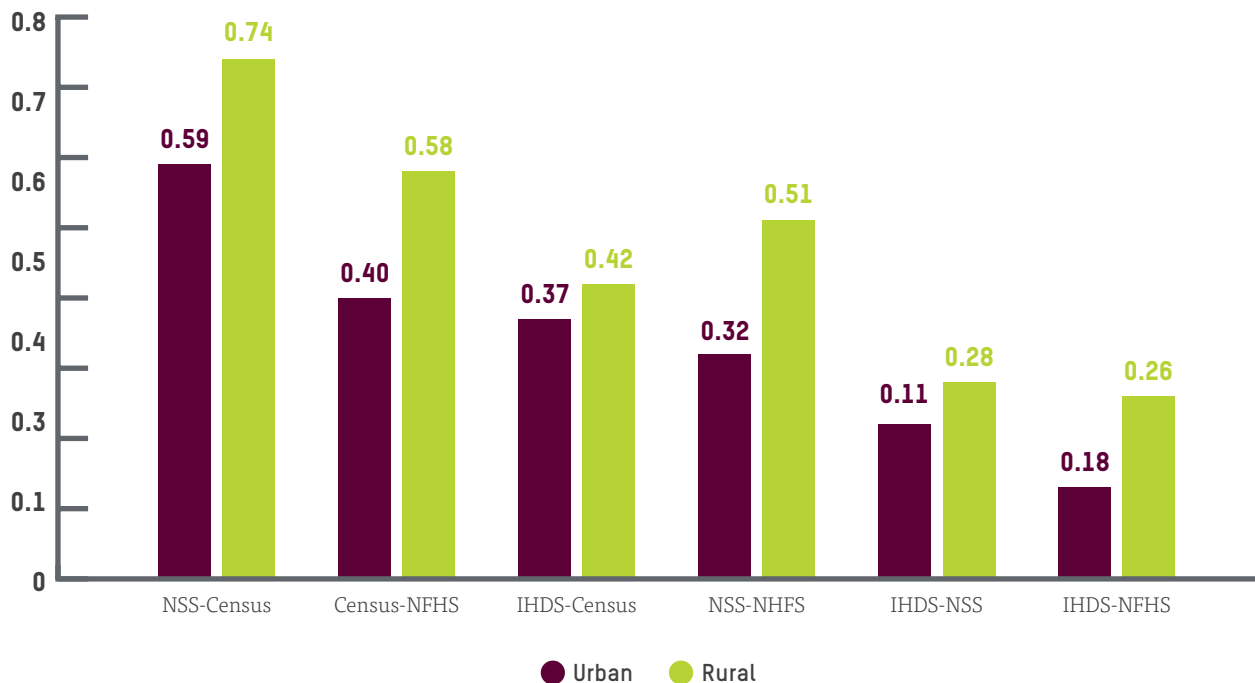
But, is this a robust description of variation across districts? To answer this question, we bring together four datasets, namely (a) the various Economic Tables (B-series) and Primary Census Abstract of Census of India 2011, (b) NSS Employment-Unemployment Survey 2011-12, (c) IHDS panel and IHDS-II survey of 2011-12, and (d) NFHS-IV survey of 2015-16, each of whom have different definitions of work.<sup>9</sup> In order to compare FWFP estimates across the four datasets, we focus on two categories of work: a stringent 'Full-time' work (see Table 3.1), and Total work, including 'Part-time' work, which measures work done other than or in addition to full-time work. We then calculate district wise FWFP for 367 districts for two measures of each of these four datasets and correlate them to each other.<sup>10</sup>

What we find is that the one measure does not match the other, but it is low regardless of the measure used. The correlations, as shown in Figure 3.3 and Figure 4.4 shows that the spatial pattern of FWFP, that is, which district is seen as having relatively higher FWFP and which is seen as relatively lower FWFP would vary depending on which dataset is used. If the districts in the highest 25 percent (that is, 91 districts) for each of the datasets are considered, only 15 (27) common units show in case of Full Time-Rural (all Rural) workers, and 12 (13) units in case of Full Time-Urban (all urban) workers, indicating that there is considerable divergence of measurement even at the top end of the distribution. Depending on the data, urban FWPR (all work) can vary from 14.8 percent (IHDS-II) to 23.8 percent (NFHS IV). We need to measure female workforce participation better.

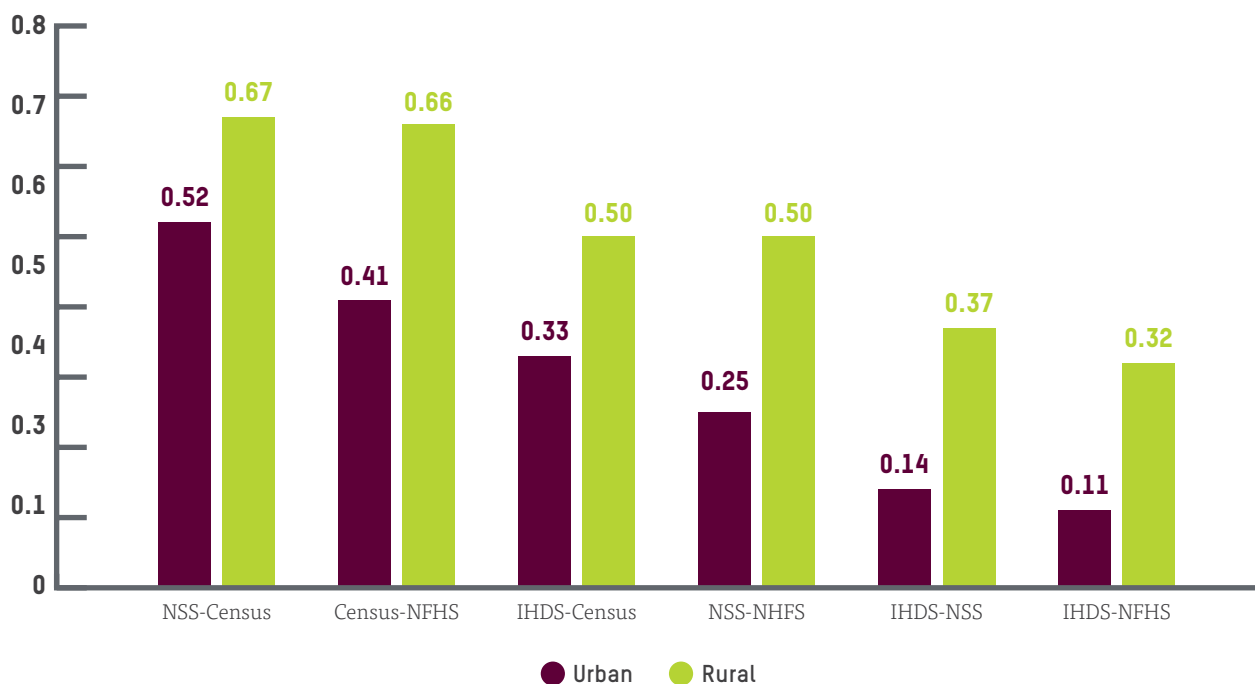
9 The whole exercise is restricted to women aged 15-49 years, in order to make it compatible with NFHS-IV.

10 Both census 2011 and NFHS-IV covers all the 640 districts of India during 2011. NSS 2011-12 covers 625 districts existed within 2001-11. IHDS-II used the reference of census 2001 but it covered only 372 geographical units where some districts were aggregated as a single unit, mostly in the Northeast of India. We use IHDS as a baseline and the districts from the three other datasets were adjusted as per boundary changes to form 367 unique geographical units. These 367 geographical units covers 454 out of 640 Indian districts during Census 2011. Though technically they are units, we will continue to refer to them as districts for ease of understanding.

**FIGURE 3.3 CORRELATION OF FULL-TIME WORKERS**



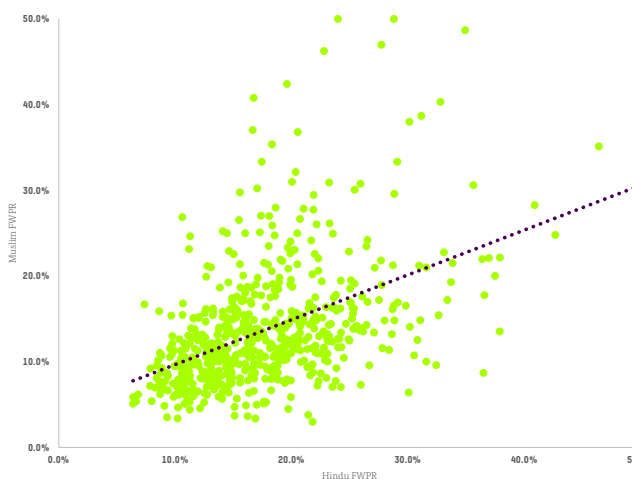
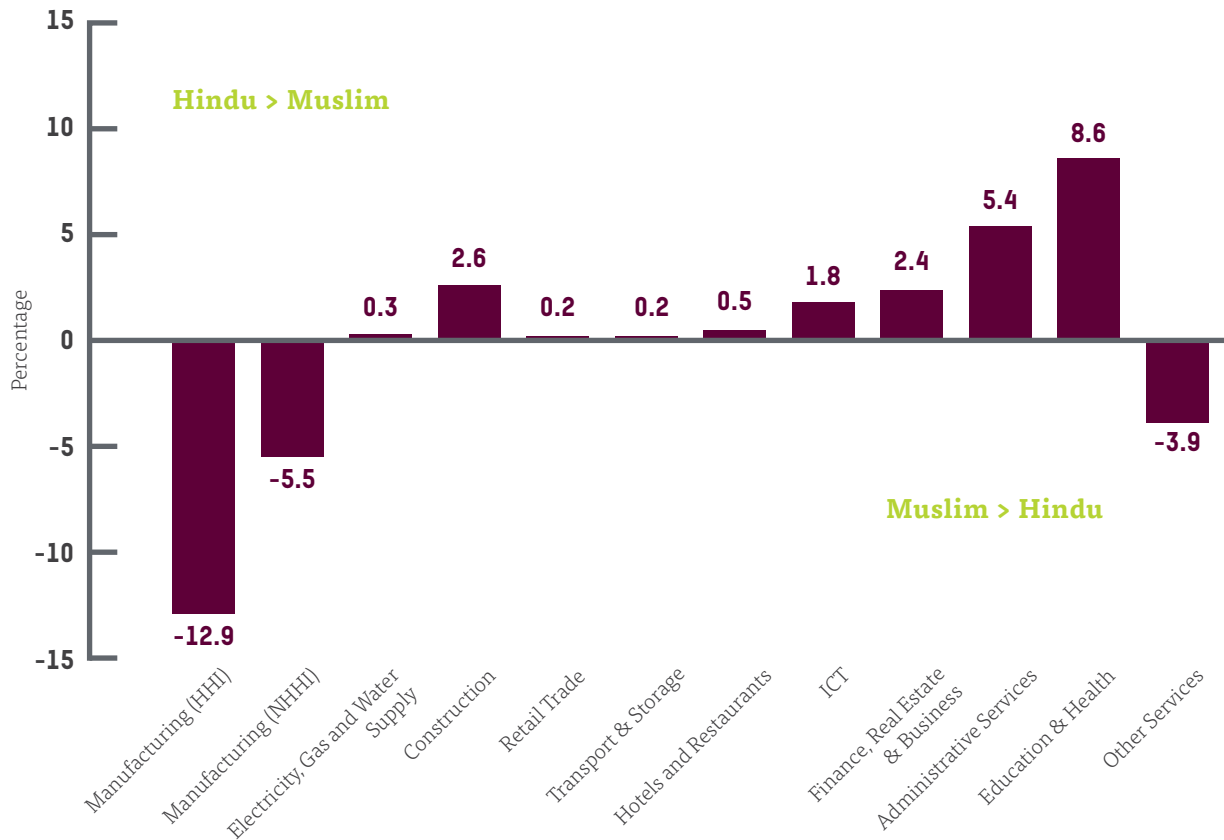
**FIGURE 3.4 CORRELATION OF ALL WORKERS**



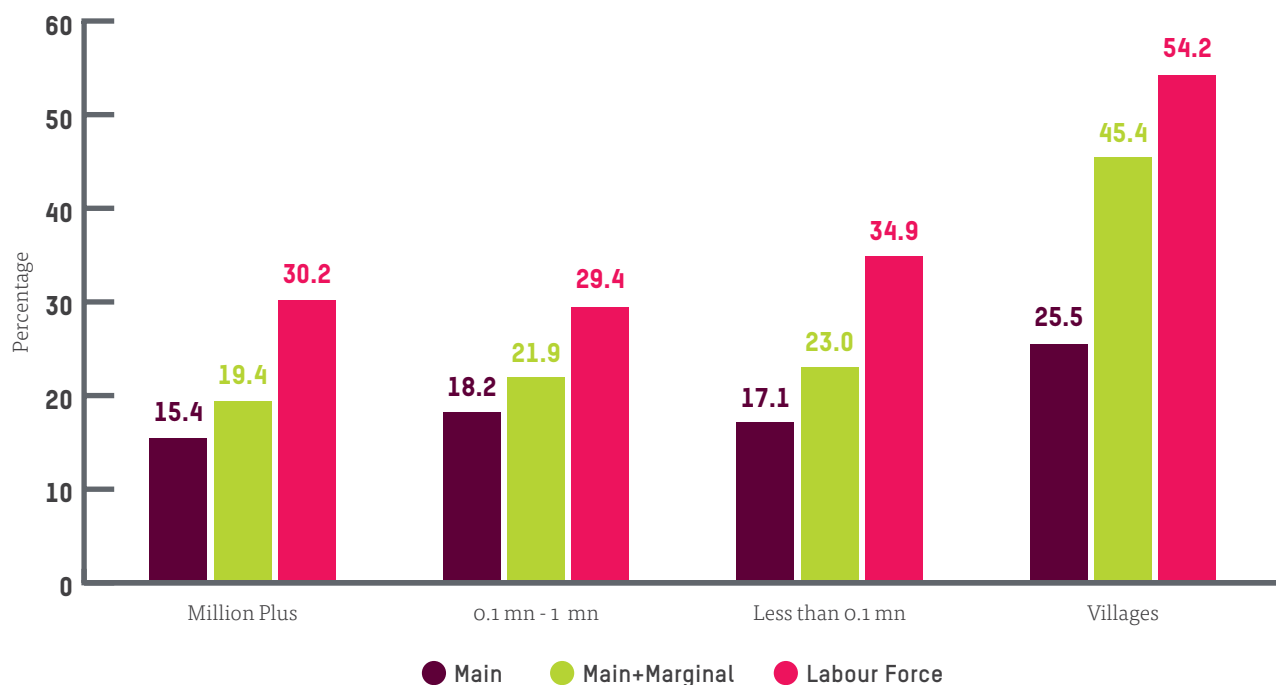
**Source:** Authors' analysis using various data sources

**Note:** All Correlation coefficients are statistically significant at 5% level, except the IHDS-NFHS pair in urban areas

### Box 3.2: Does Religion Matter?



**Note:** While there is a lot of variation across districts, there does not seem to be a systematic difference in FWFP between Hindus and Muslims. Broadly, if proportionately more Hindu women work in a district, Muslim women are also more likely to work in that district. However, the industries of work differ. According to the Census 2011, Muslim women are more likely to work in manufacturing (disproportionately as unpaid workers in family enterprises), while Hindus are more likely to work in public and social services (as wage workers). Though the urban national Muslim FWFP (12.5 percent) is lower than the Hindu FWFP (18.2 percent), urban Muslim female workers are concentrated in certain districts. A closer look reveals that where urban Muslim FWFP is high and more than Hindu FWFP (more precisely, 128 districts consisting of 23 percent of Muslim female workers), 47.4 percent of them are engaged in household manufacturing, as compared to only 12.5 percent in other districts - indicating that the outlier districts with high Muslim FWFP have a specific industrial structure. It is also possible that there are cultural reasons for the low participation of Muslim women in public and social services.

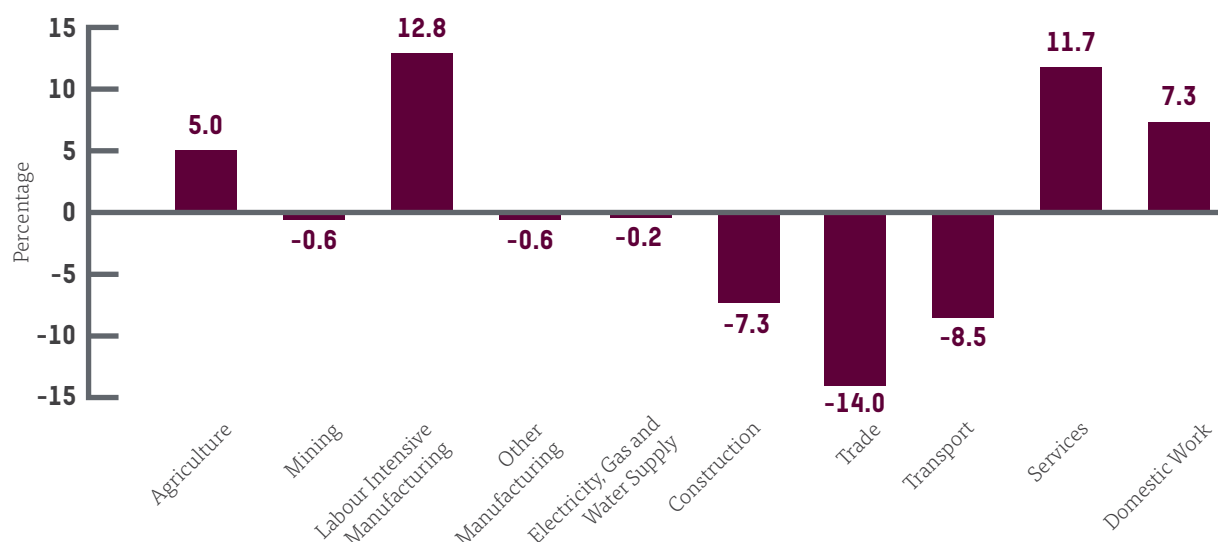
**FIGURE 3.5 DISTRIBUTION OF DIFFERENT FWFP ESTIMATES ACROSS VARIOUS SETTLEMENTS (15-59 YRS.)**

Source: Author's analysis from Census 2011

### 3.3.2 Location matters

The overall urban FWFP is lower (20.8 percent as per Census 2011) than rural FWFP, but the spatial distribution of urban FWFP also has substantial regional variation, with districts of southern and NE states showing considerably higher participation than the rest of the country. A disaggregation of urban FWFP across cities of various size-classes (Figure 3.5) shows that women's participation in work is lower in million plus cities compared to smaller urban areas. The difference between main and marginal work is also much higher in small towns than the larger ones, indicating that a lot more women are

associated with subsidiary work in such areas compared to larger cities, a pattern that also emerges in other studies that look at location effects on FWFP (Chatterjee et al. 2015). This is very different from the males where the difference is stable across the various settlements. The smaller towns (villages are shown for comparison) also show larger proportion of women seeking jobs, as the FLFP goes up from 30.2 percent in million plus cities to 34.9 percent in small towns, as per Census 2011 (FLFP in mid-size towns is similar to large cities). So, location matters and women in smaller towns participate proportionately more in the workforce than those in larger cities. Is this another case of the income effect or is it a case of more flexible labour markets?

**Box 3.3: Manufacturing or Services: Where is the potential for women's work?**

**Source:** Authors' analysis from NSS EUS 2011-12

**Note:** While there is a substantial difference between men and women in terms of workforce participation, the difference in the sectors of work is more mixed. The figure above shows the difference between the sectoral share of men and women, that is the share of construction workers in the male workforce is 7.3 percent higher than the share of construction workers in the female workforce. Thus, women have a much higher share of their workforce in labour intensive manufacturing, services and domestic work, while men dominate in construction, transport and trade. Thus, it would appear that there are both manufacturing as well as service-based strategies are feasible pathways to increasing FWPR.

### 3.3.3 Industrial Structure matters

Women's work is more concentrated in specific regions and in specific industries (Box 3.3) compared to men's work. A common explanation for low FWFP is a dearth of suitable job opportunities where women choose to work, taking into account the wider social structure in the country that determines that women's place of work should be near to where they live (Das & Desai 2003, Klasen & Pieters 2015). So, do more women join the workforce where the share of 'female friendly' industry is high?

In order to check the effects of a district's job structure on FWFP, a measure is constructed which quantifies the share of all workers in ten industries (see Table 3.2). These ten industries have the highest share of women workers (to total women workers) and thus count as 'female friendly'. We then look at the relationship between the urban FWFP and the intensity of presence of these ten industries in a district.<sup>11</sup> Does FWFP increase with a rise in the share of such female friendly industries in a district?

<sup>11</sup> Statistically, the urban FWFP is regressed on this measure, controlled by the district's urbanization rate and state-specific fixed effects.

**TABLE 3.2 TOP TEN INDUSTRIES OF WOMEN'S WORK**

NIC DIV.	NIC NAME	URBAN FEMALES	SHARE IN WORKFORCE (%)	URBAN MALES	SHARE OF FEMALES (%)
85	Education	3.3	13.2%	3.1%	50.9%
47	Retail trade, except for motor vehicles and motorcycles	1.5	6.1%	15.5	8.9%
14	Manufacture of wearing apparel	1.2	4.9%	2.6	31.9%
86	Human health activities	1.2	4.8%	1.3	47.5%
97	Activities of households as employers of domestic personnel	1.2	4.7%	0.3	80.9%
96	Other personal service activities	1.1	4.3%	1.5	42.0%
13	Manufacture of textiles	1.0	4.0%	3.3	23.0%
41	Construction of buildings	0.9	3.8%	6.7	12.3%
12	Manufacture of tobacco products	0.9	3.7%	0.3	77.5%
84	Public administration and defence; compulsory social security	0.9	3.5%	5.7	13.2%
	<b>Total of top ten sectors</b>	<b>13.1</b>	<b>53.1%</b>	<b>40.2</b>	<b>24.6%</b>
	<b>Total Urban Non-Farm Workforce</b>	<b>24.7</b>	<b>100%</b>	<b>97.4</b>	<b>100%</b>

*Source: Authors' analysis from Census of India 2011*

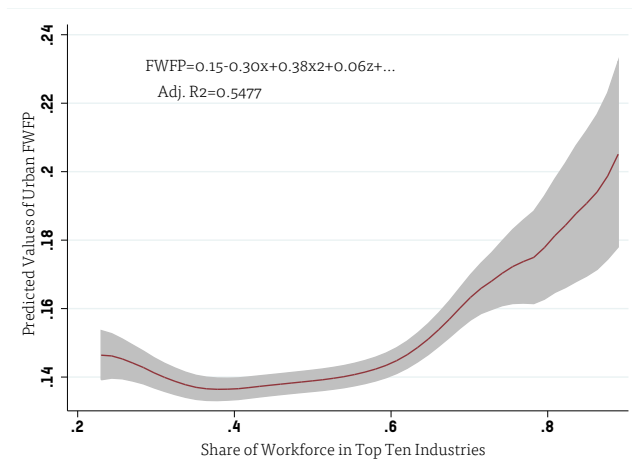
The results from the analysis show that industrial structure of the district matters substantially, though not entirely in explaining the variation in urban FWFP. The predicted urban FWFP shows that the relationship is weak when the share of top ten industries is low, but increases with it after the share of top industries crosses a threshold (Figure 3.6) and the variation in this measure explains 55 percent of the variation in urban FWFP across all districts. The FWFP however remains low even in districts with a large share of female friendly industries, below 20 percent. In the top ten percent of the districts ranked by presence of the ten female-friendly industries, the FWFP is about 21.7 percent compared to other

districts, where it is only 14.9 percent. Similarly, their share in the labour force in these districts is 27.7 percent compared to 19.7 percent in other districts. So, in the presence of such industries, the increase in participation also results in higher share of the total labour force. Per contra, for men, there is no appreciable difference in work force participation rate across these two groups of districts.

In the accompanying map (Figure 3.7), the shades of blue refers to districts where fewer women are actually working than is predicted by the industrial structure of the district. The yellow shaded areas are districts where the

model describes the variation in urban FWFP relatively well while areas with orange shades are districts where the actual urban FWFP is higher than predicted by the industrial structure of the district. There are 284 yellow-shaded districts out of 640, which indicates that in a large part of the country, after controlling for the regional structure and urbanization, the industrial structure actually determines the participation of women in work. In most other areas, the urban FWFP is higher than predicted by the industrial structure of the district.

**FIGURE 3.6 SHARE OF TOP TEN INDUSTRIES AND PREDICTED FWFP**

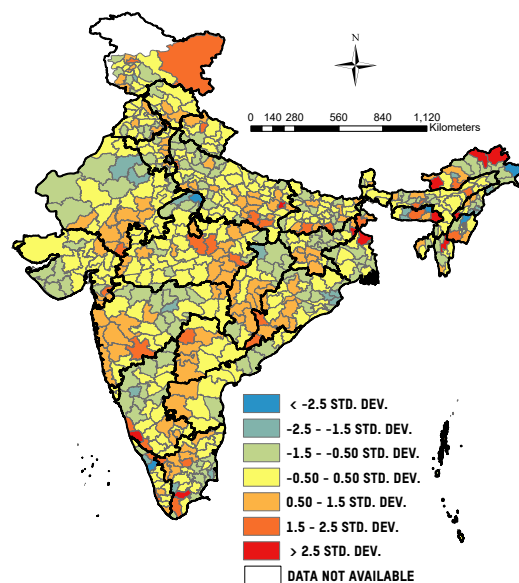


**Source:** Authors' analysis from Census 2011

### 3.3.4 Caste Matters

The urban FWFP of Scheduled Castes (21.1 percent) are higher than non-SC/STs (16.5 percent) but it shows a strong and positive correlation with non SC-ST women, indicating that districts that have higher workforce participation of non SC-ST women, usually have higher participation of SC women as well.<sup>12</sup> However, the industries in which they work are very different, with SCs concentrating in construction and services such as waste collection while the non-

**FIGURE 3.7 WHERE THE MODEL FITS WELL AND WHERE IT DOESN'T**



**Source:** Authors' analysis from Census of India 2011

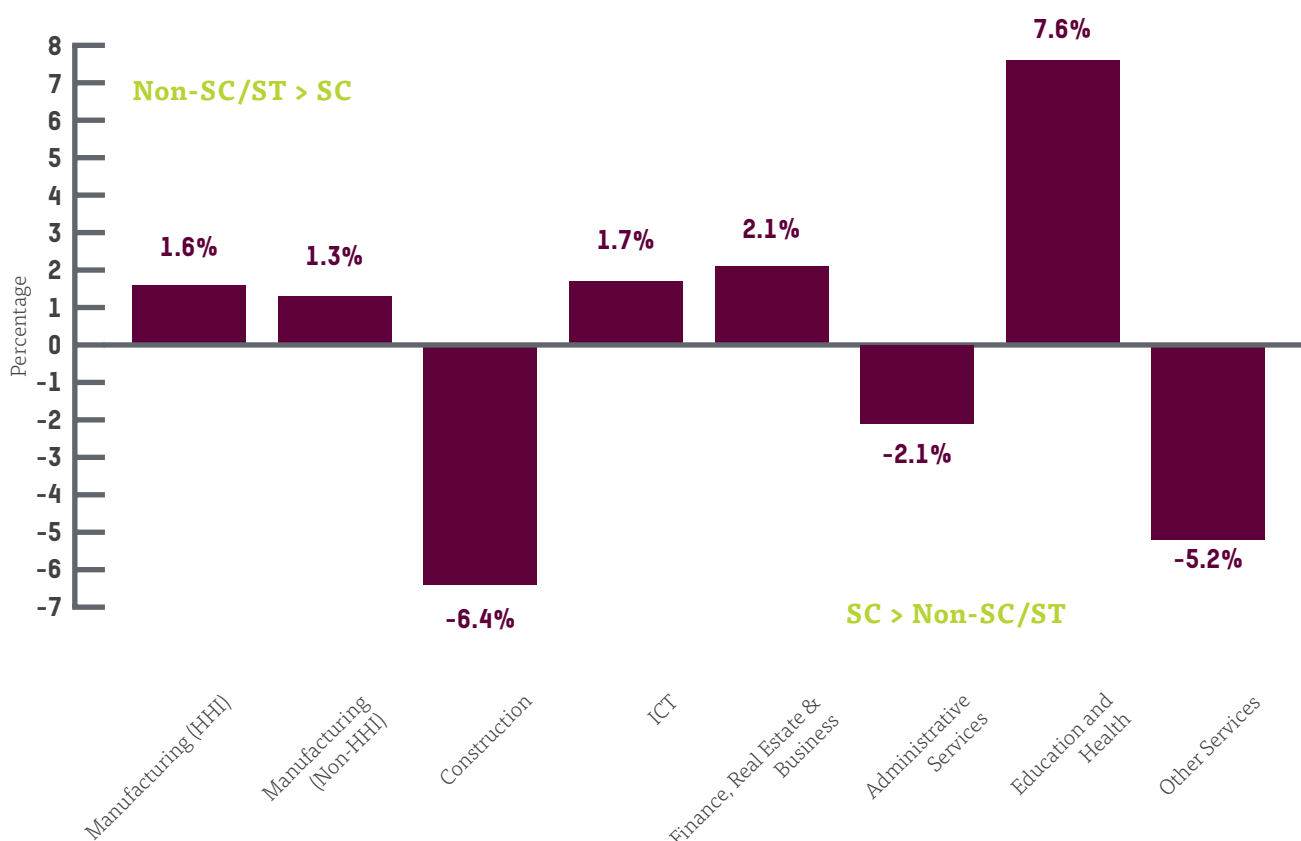
<sup>12</sup> In case of males, the urban workforce participation of non-SC/STs (61.1 percent) is higher than that of SCs (59.9 percent). ST women (27.7 percent) also work more than non-SC/ST women in urban areas, while the case of males is different. The correlation coefficient of SC and Non-SC/ST women is 0.61, while the rank correlation is even stronger (0.71).

SC/ST women are more likely to work in education and health services. Even within industries such as construction where SCs are relatively more concentrated (Figure 3.8), they are engaged in more menial jobs than the non-SC/STs in the same sector (Figure 3.9). For example, there are no SC women in the NSS sample who are in supervisory, professional or managerial jobs in construction, while about 15 percent of non-SC/STs in construction are engaged in such jobs. On the other hand, the share

of SCs (67 percent) is much higher in elementary occupations under construction, while it is only 34 percent for non-SC/STs.

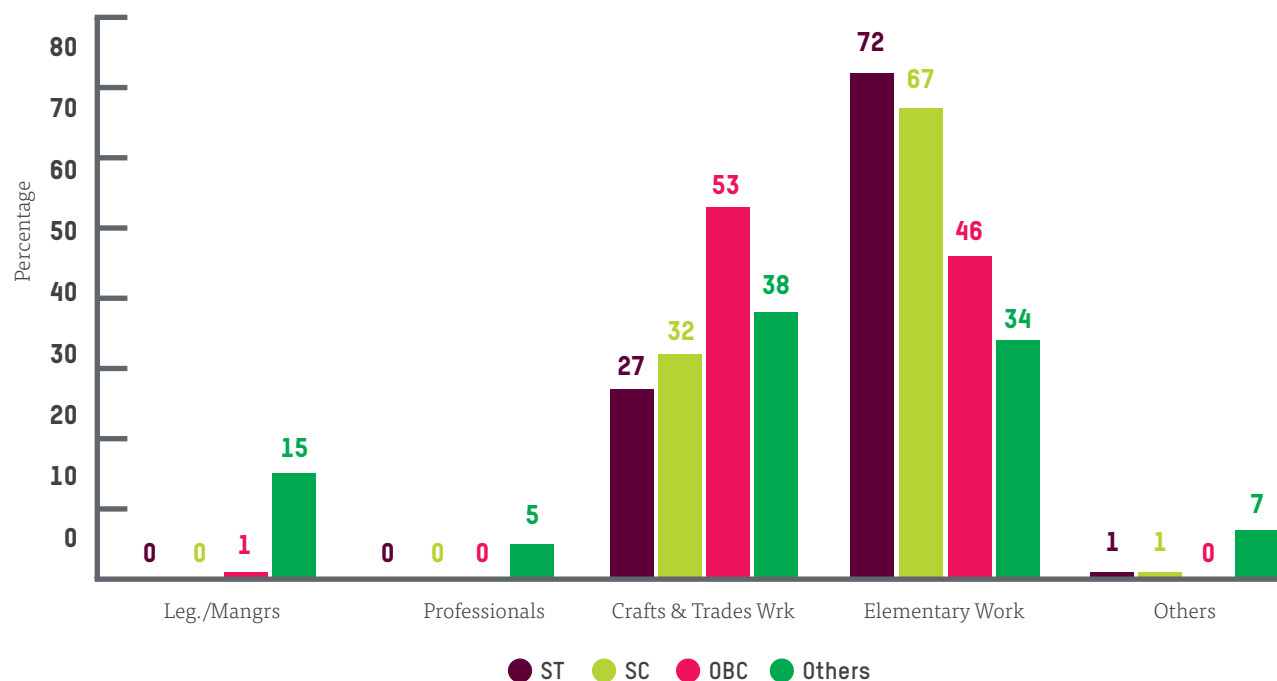
Thus, caste matters both for participation and for occupation. Being non-SC/ST does appear to reduce the participation of women in the workforce – in part because they are less present in more menial occupations.

**FIGURE 3.8 DIFFERENCE IN SHARE OF WORKERS BY INDUSTRY (SC AND NON-SC/ST)**



Source: Authors' analysis from Census 2011



**FIGURE 3.9 OCCUPATIONAL CLASSIFICATION OF WORKERS BY SOCIAL GROUPS IN CONSTRUCTION**

Source: Authors' analysis from NSS EUS 2011-12

### 3.4 INTERACTION OF GENDER AND CASTE

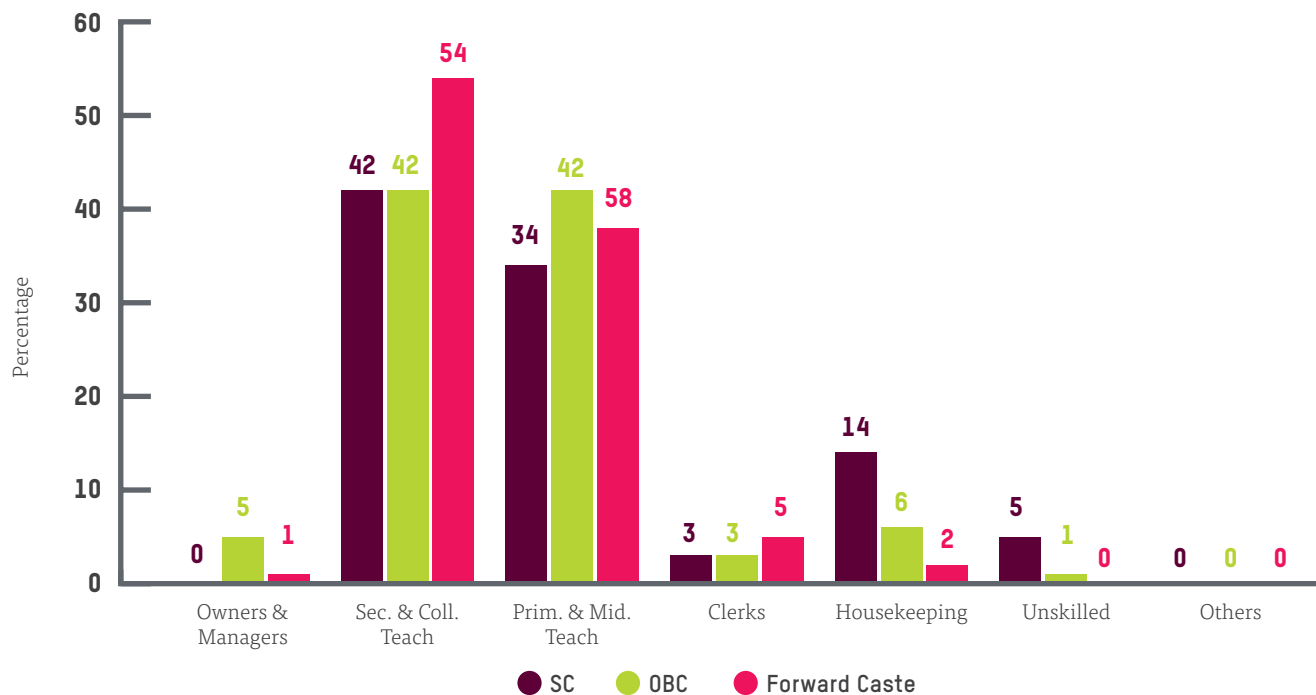
While the industrial structure and occupational patterns are differentiated by caste in women's work, is there an effect of gender within caste, especially in industries such as education or health where women from most social groups are represented? We have already seen that there are clear differences by caste with the non-SC/ST being concentrated in health and education, but when we look within education, we find that both SC men and women tend to do similar kinds of jobs. Both of them have significant presence in teaching, but their presence in housekeeping and unskilled work is disproportionately higher than in other castes (Figure 3.10 and 3.11).

However, in the case of health, there is evidence of difference across both caste and gender. SC women

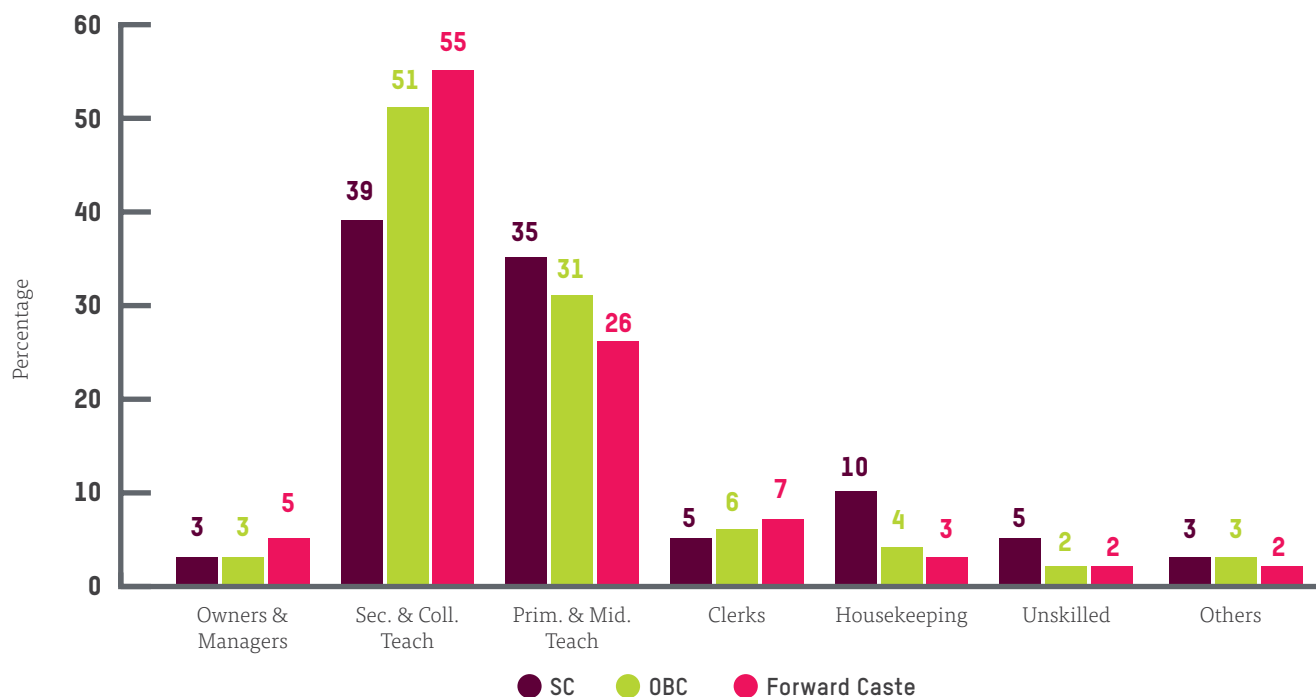
and men are significantly overrepresented in cleaning work. While 30 percent of SC women (and 22 percent of men) working in the health sector are employed in cleaning work (as compared to single digit shares for other castes), there are very few doctors (2 percent) among SC women and only a little more (4 percent) among SC men. There is, however, a significant share (56 percent) of SC women working as nurses or technicians.

However, in the case of OBCs, while only 6 percent of the women are doctors and 68 percent are nurses or technicians, among OBC men 32 percent are doctors, which is less than upper caste men (48 percent), but much higher than SC men. Hence, the share of doctors among OBC women remains low and comparable to SC men, OBC men are catching up with upper caste men, referring to a narrowing caste divide but persistent gender divide within the OBCs (Figure 3.12 and 3.13).

**FIGURE 3.10 EDUCATION (FEMALES)**

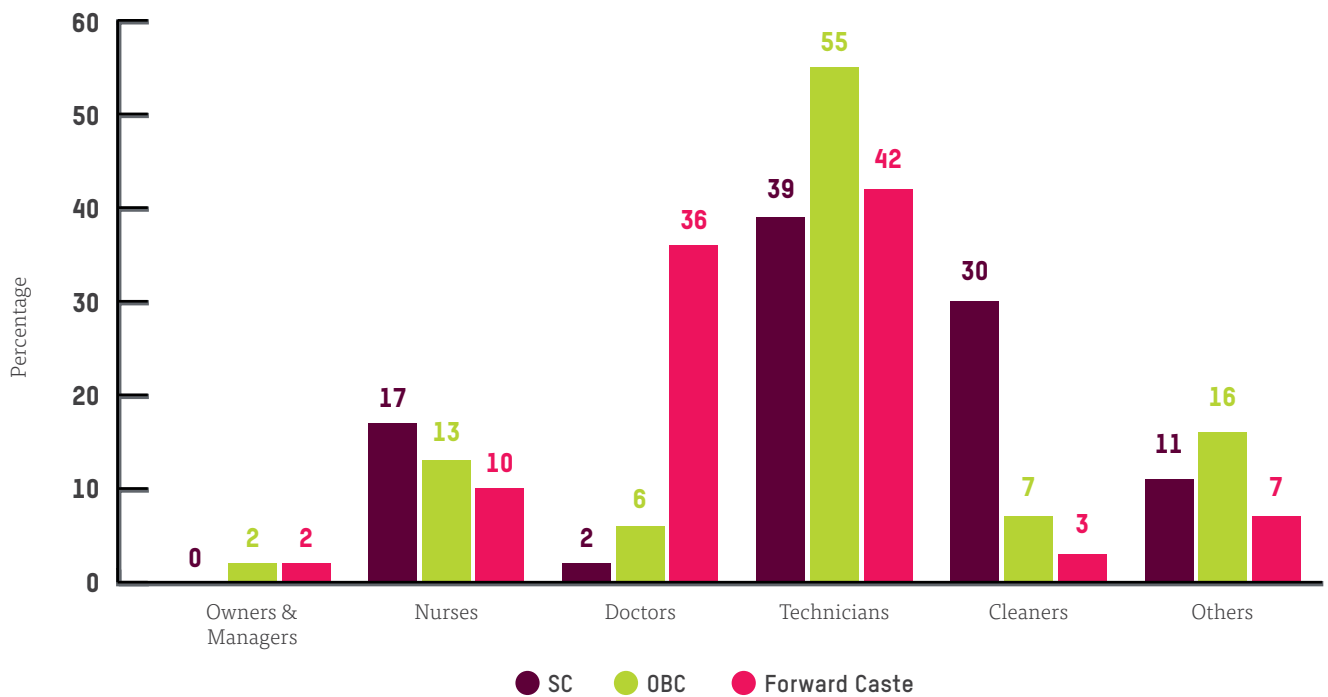


**FIGURE 3.11 EDUCATION (MALES)**

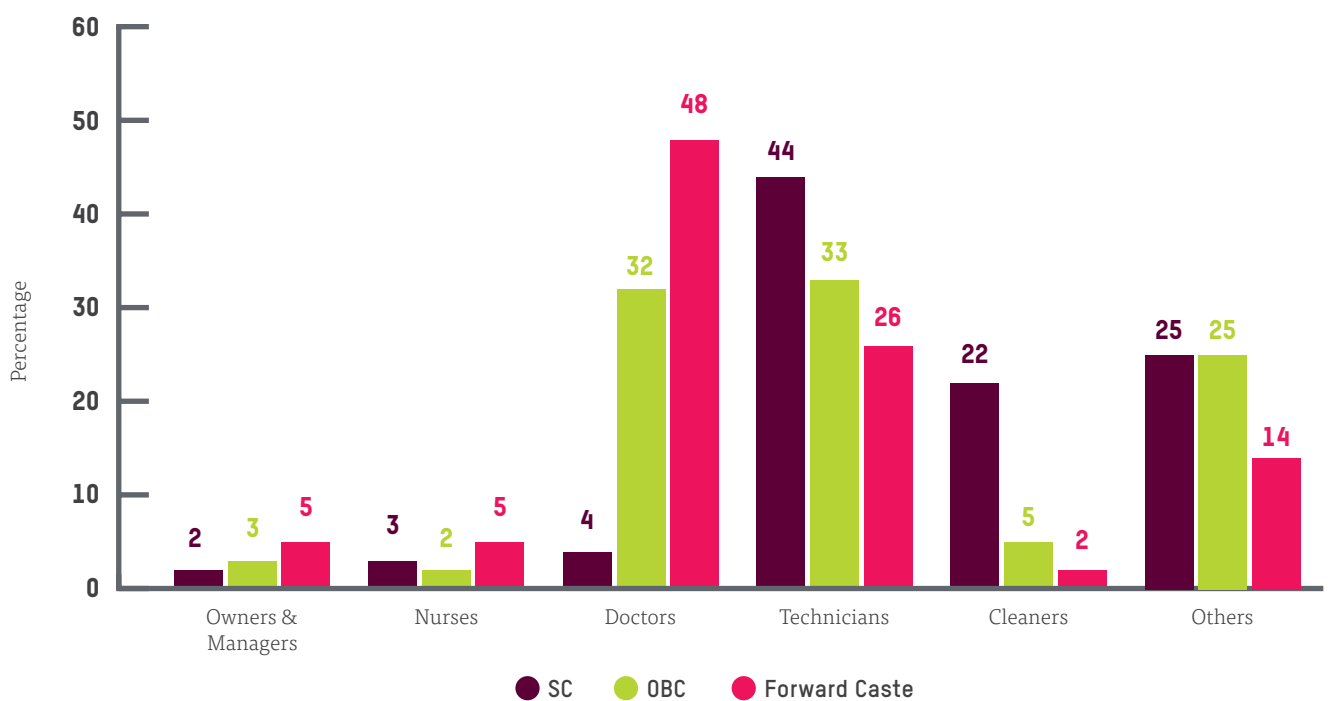


Source: Authors' analysis from NSS EUS 2011-12

**FIGURE 3.12 HEALTH (FEMALES)**



**FIGURE 3.13 HEALTH (MALES)**



Source: Authors' analysis from NSS EUS 2011-12

These intersections of gender and caste at different levels show that the manner in which caste affects women's work is layered and complicated and not amenable to simple solutions.

### 3.4.1 Income Matters

It is difficult to decipher whether income matters from the data, since the presence of a working woman in the household would raise the household's income and thus higher income households would be associated with a higher share of working women. However, Sarkar et al. (2019), using careful statistical techniques to analyse the IHDS data finds that an increase in income of other members of the household and change in the asset ownership of a household lowers a woman's probability of entry into and increases the probability of exit from the workforce overall, but not so clearly in urban areas, where it is affected by change in assets but not in income.

So, while there does seem to be indirect indications of a negative income effect on women's work, this is not so clearly evident when it comes to urban areas.

However, the pattern of employment is very different across consumption quintiles. Figure 3.14 shows that the urban FWWP varies irregularly within a range of 13 percent to 16 percent across household consumption quintiles. However, this overall variation masks significant changes in the structure of work, as shown in other panels (Figure 3.14-3.17). As households' economic condition improves, the effect on self-employment is

limited, though proportion of women in self-employment (as a share of women in the workforce) drops sharply for the top 20 percent of the households. In contrast, the share of women in unpaid work in household enterprises and casual work drop steadily as economic condition improves, with casual work decreasing faster than unpaid work at home. Women also have a higher incidence of home based work (25 percent compared to 10 percent for men, based on NSS 2011-12), which can lower income (see the chapter on unpaid care work for a more detailed discussion).<sup>13</sup> Finally, as expected, increase in the share of women in regular salaried/wage work (as a share of women in the workforce) is associated with improved economic condition. In this, the possibility of reverse causality, that is, an improvement in economic condition because someone finds regular salaried work, cannot be ruled out.

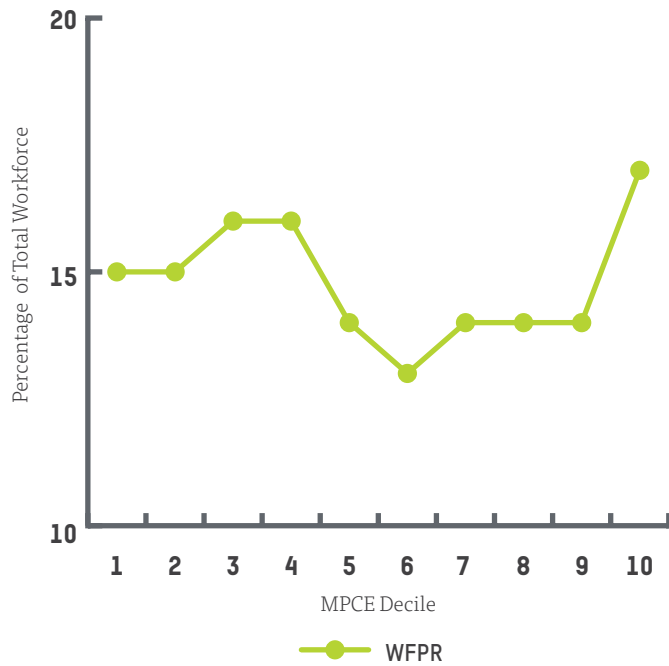
### 3.4.2 Education and Family Structure Matters

In this section, we look at the effect of education and family structure on the work of married women aged 15-49. We focus on married women because married women constitute about 65 percent of the urban female workforce within 15-49 years and this allows us to investigate the interactions between husband's work and education and the women's propensity to work. The workforce structure of married women differs from the total women workforce in urban areas, for example, the share of salaried workers among married women is lower (35.8 percent) than total women (47.4 percent).

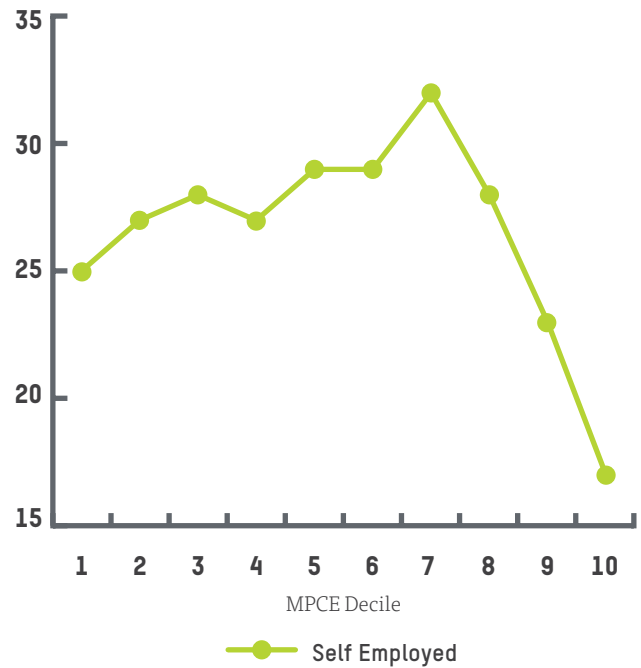
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<sup>13</sup> In a study on industrial areas in Delhi by Sumangala Damodaran, Sonal Sharma and Eesha Kunduri, 77 female workers (24 home-based workers and 53 factory workers) were surveyed in 2013-14. Their median monthly earnings (not wages) was 1400 rupees, ranging from a minimum of 200 to a maximum of 3000 rupees, for home-based workers compared to 4000 rupees for factory workers, ranging between 3000 to 5000 rupees (private communication from Eesha Kunduri).

**FIGURE 3.14 FWFP BY CONSUMPTION QUINTILES**



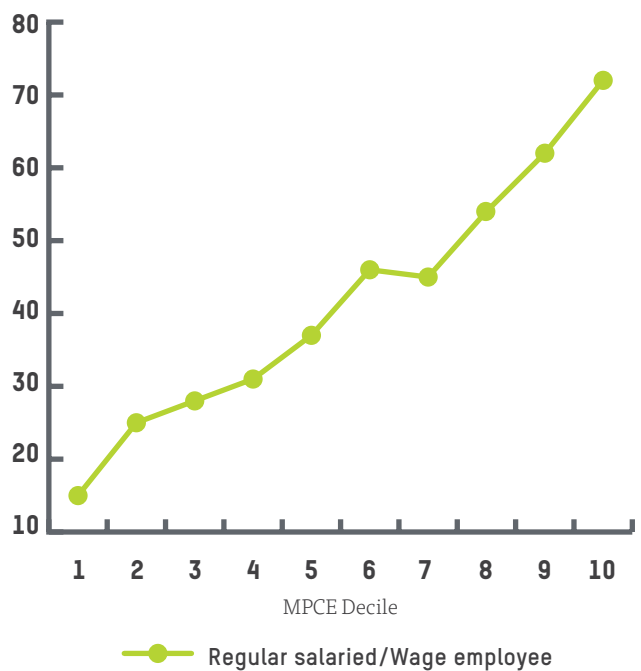
**FIGURE 3.15 SHARE OF SELF-EMPLOYED WOMEN BY CONSUMPTION QUINTILES**



**FIGURE 3.16 SHARE OF UNPAID FAMILY WORKERS AND CASUAL WORKERS BY CONSUMPTION QUINTILES**



**FIGURE 3.17 SHARE OF SALARIED WOMEN BY CONSUMPTION QUINTILES**



Source: Authors' analysis from NSS EUS 2011-12

### **Box 3.4: Costs and Benefits of Multiple employers: Domestic work in India**

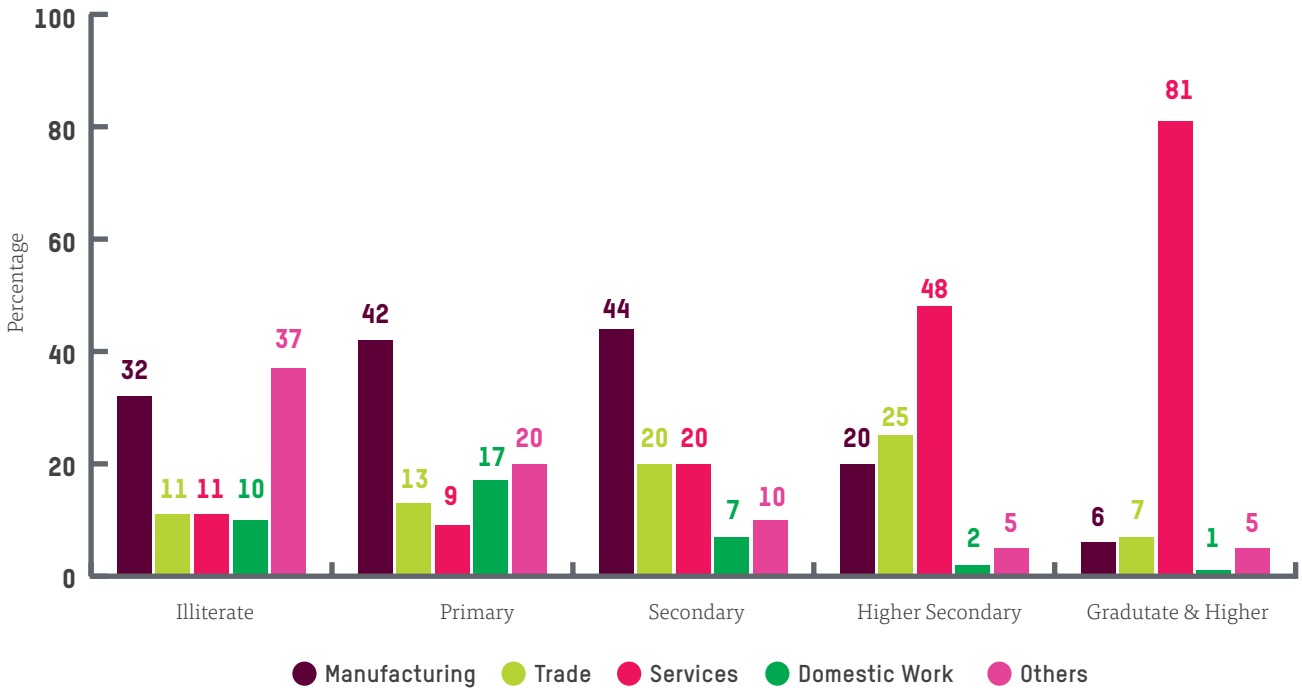
According to the Census, domestic work ranks fifth among the occupations employing women, accounting for 4.7 percent of the work force. Also, women comprise over 80 percent of the workers in this sector. Many of these workers are employed in multiple households (Neetha 2019, Neetha and Palriwala 2011). In their sample of 500 workers in Kolkata, Qayum and Ray (2003) found that 77 percent of the workers were part-timers. In the IHDS-II data also, 60 percent of domestic workers are part-time. While this work is 'part-time' from the employers' point of view, implying that each worker spends limited time in each household. For the workers, however, the total number of hours spent in multiple households could amount to a full working day or even more (Neetha and Palriwala 2011). Such 'part-time work is both more unstable and more flexible.' Neetha and Palriwala (2011: 108). It carries the risk of arbitrary dismissal and unlike older arrangements for family retainers, no living arrangements are provided (Neetha 2019). Employers prefer the arrangement because it allows them to hire multiple workers for various needs, such as cooking, cleaning, childcare, etc. (Neetha 2019). From the workers' perspective too, part-time domestic work grants relatively greater autonomy, bargaining power and flexibility (Ray and Qayum 2010; Neetha and Palriwala 2011). For example, workers can return to their homes within the day to take care of domestic responsibilities, particularly childcare (Neetha and Palriwala 2011). Workers are not tied to a single employer, and 'no one employer can hope to command their full attention and loyalty' (Qayum and Ray 2003: 533).

In urban areas, manufacturing, services, trade and domestic work (see Box 3.4) comprise 81 percent of the married women workforce. Within these four key sectors, increasing education leads to a change in industrial composition of work. For example, only 20 percent women with secondary schooling are employed in services but this share increases to 81 percent for women with graduate degrees (Figure 3.18). The opposite relationship can be observed for labour intensive manufacturing work, where the share of less educated women is higher.

## **3.5 RELATIONSHIP WITH EDUCATION OF HUSBAND**

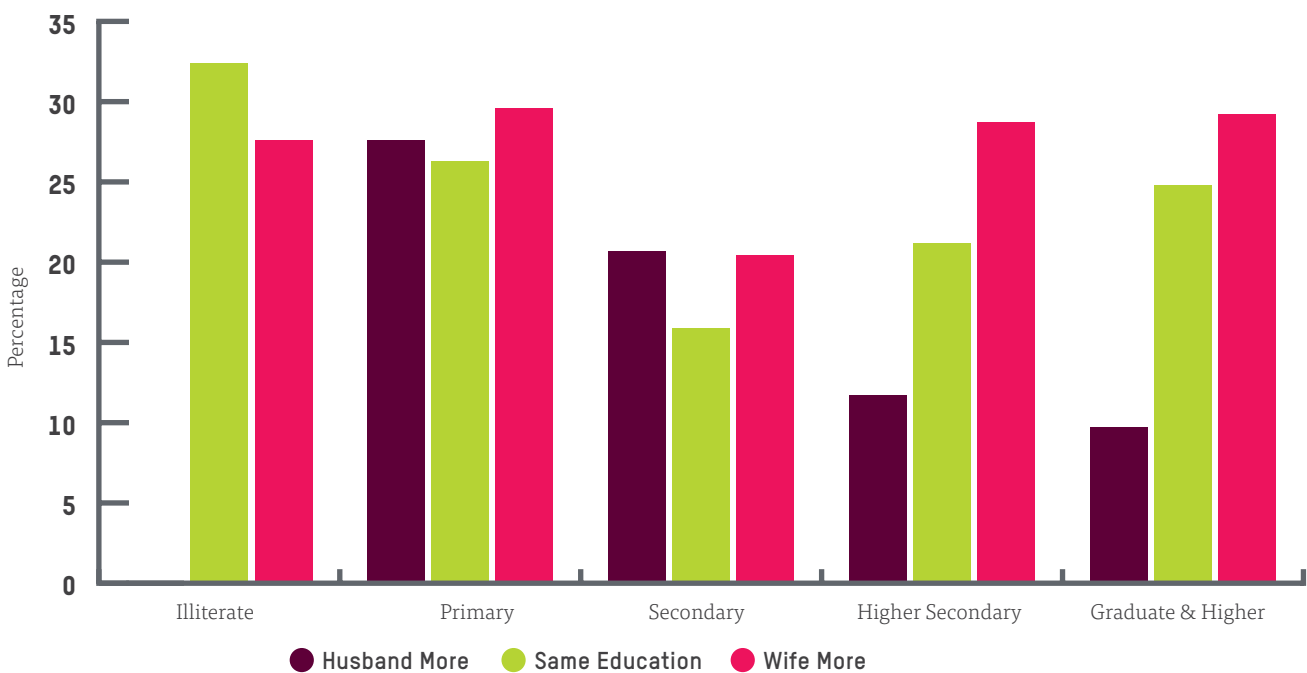
The education level of the wife in relation to the husband matters. Increased education of married women in comparison to their husbands leads to an increase in work force participation. While higher education women increases their likelihood of being in salaried jobs, the share of such jobs in the total work of women is even higher if women are more educated than their husbands. On the other hand, if the husbands are more educated than wives, then the wife is more likely to own a business or work as an unpaid family worker (Figure 3.19 and 3.20) – two-thirds of whom are home-based.

**FIGURE 3.18 INDUSTRY OF WORK BY EDUCATION OF MARRIED WOMEN (15-49 YRS.)**

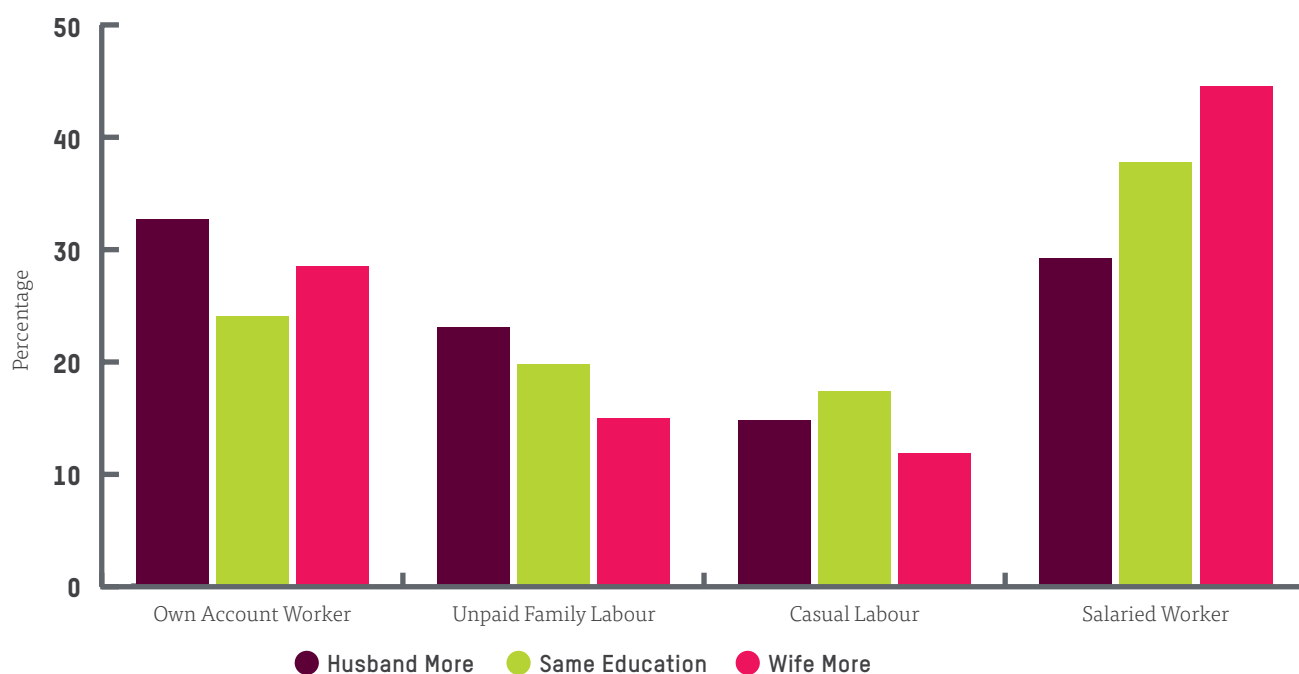


Source: Authors' analysis from NSS EUS 2011-12

**FIGURE 3.19 FWFP BY HUSBAND'S EDUCATION**



Source: Authors' analysis from NSS EUS 2011-12

**FIGURE 3.20 NATURE OF WORK BY HUSBAND'S EDUCATION**

Source: Authors' analysis from NSS EUS 2011-12

### 3.6 RELATIONSHIP WITH HUSBAND'S INDUSTRY OF WORK

The nature and industry of jobs where married women are engaged in urban areas depends a lot on their husbands' industry of work. Urban married women are much more likely to work in the same sector as their husbands (Table 3.3), and the share of women working in their husband's sector to total women in that sector is usually 3-6 times of the share of that sector to total women

workforce<sup>14</sup>. In the case of most of the sectors, women who do not work in their husband's sector are mainly distributed in labour intensive manufacturing and services, and if these three are added, it constitutes over 80 percent to 90 percent of working women across various sectors of working men. It can be observed that only wives of transport and construction workers have a somewhat more diversified job profile, and are not concentrated in these three sectors. However, the share of women working in transport sector is only 0.4 percent of the total urban female workforce.<sup>15</sup>

<sup>14</sup> We do not present this ratio for mining and electricity, gas and water supply, where there are very few women workers.

<sup>15</sup> Age-specific estimates, available on request show that older wives are less likely to be working with husbands in manufacturing, while younger wives are more likely to be working in the same sector of their husbands, if the husbands are engaged in services.



**TABLE 3.3 ASSOCIATION BETWEEN MARRIED WOMEN AND THEIR HUSBAND'S INDUSTRY OF WORK**

WIFE \ HUSBAND	HUSBAND										TOTAL	RATIO
	A	B	C	D	E	F	G	H	I	J		
A	75%	20%	4%	4%	6%	13%	4%	6%	4%	2%	12.1%	6
B	0%	31%	0%	0%	0%	0%	0%	0%	0%	0%	0.2%	..
C	12%	12%	76%	27%	14%	19%	18%	29%	13%	3%	26.0%	3
D	0%	0%	3%	33%	0%	4%	3%	4%	3%	1%	5.4%	6
E	0%	12%	0%	1%	41%	1%	0%	1%	1%	0%	1.1%	36
F	1%	0%	1%	0%	1%	31%	2%	2%	1%	1%	5.4%	6
G	4%	8%	3%	5%	4%	6%	44%	10%	5%	6%	13.3%	3
H	0%	0%	0%	1%	0%	0%	0%	2%	0%	0%	0.4%	5
I	6%	11%	9%	26%	33%	14%	15%	30%	69%	34%	27.6%	3
J	1%	6%	3%	4%	0%	11%	13%	16%	5%	54%	8.5%	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

**Source:** Authors' analysis from NSS EUS 2011-12

**Note-** A: Agriculture, B: Mining, C: Labour Intensive Manufacturing, D: Other Manufacturing, E: Electricity, Gas & Water Supply, F: Construction, G: Trade, H: Transport, I: Services, J: Domestic Work

\*Ratio refers to ratio of the share of women in same sector as their husbands to share of sector to total women workforce

The nature of work undertaken by married women also depends largely on the industry where the husband works. Working wives are more likely to be unpaid workers in the family business in case the husband works in labour intensive manufacturing near home or in a trade or service business. However, in case of trade, if the husband does not own the trade business but works as a salaried wage worker then the wife can also be a wage worker or can run a small business herself. Similarly, if the husband works as a wage worker in the service sector, the wife is more likely to be a wage worker in the same sector (Figure 3.21).

Thus, not only does education of the woman matter, it also matters how it interacts with the education of their husband. Furthermore, women are much more likely to be in the same industry as their husbands.

### 3.6.1 Children Matter

Finally, we look at the effect of children on FWFP. Given the nature of survey data, it is not easy to check the effect of children on women's workforce participation. We approach this in two ways: the first one is through an indirect measure in which the urban households surveyed by the NSS is divided into two groups: households

**FIGURE 3.21 FWFP OF MARRIED WOMEN AND NATURE OF WORK OF WIVES BY INDUSTRY OF WORK OF HUSBAND**

**Source:** Authors' analysis from NSS EUS 2011-12

**Note:** A: Agriculture, B: Mining, C: Labour Intensive Manufacturing, D: Other Manufacturing, E: Electricity, Gas & Water Supply, F: Construction, G: Trade, H: Transport, I: Services, J: Domestic Work

with at least one child below 5 years of age and all other households. Across these two kind of households, the difference in workforce participation of married and unmarried women (aged 25-44 years) are compared. The share of unmarried women living in a household with a child is 0.8 percent to total urban women in the selected age-group, and the share of married women in such households is 58.8 percent. In households without such a child, the share of unmarried women is 4.9 percent to total urban women, while it is 35.5 percent in case of married women.

Results show that women are more likely to work in households that do not have a child, and such likelihood is more for unmarried

women in those households (Figure 3.22). The workforce participation of married women in households with a child is the least, followed by married women in households without a child, and thereafter (younger) unmarried women in households with a child and unmarried women in household without a child. This is suggestive of the dual burden of marriage and childbearing on workforce participation.

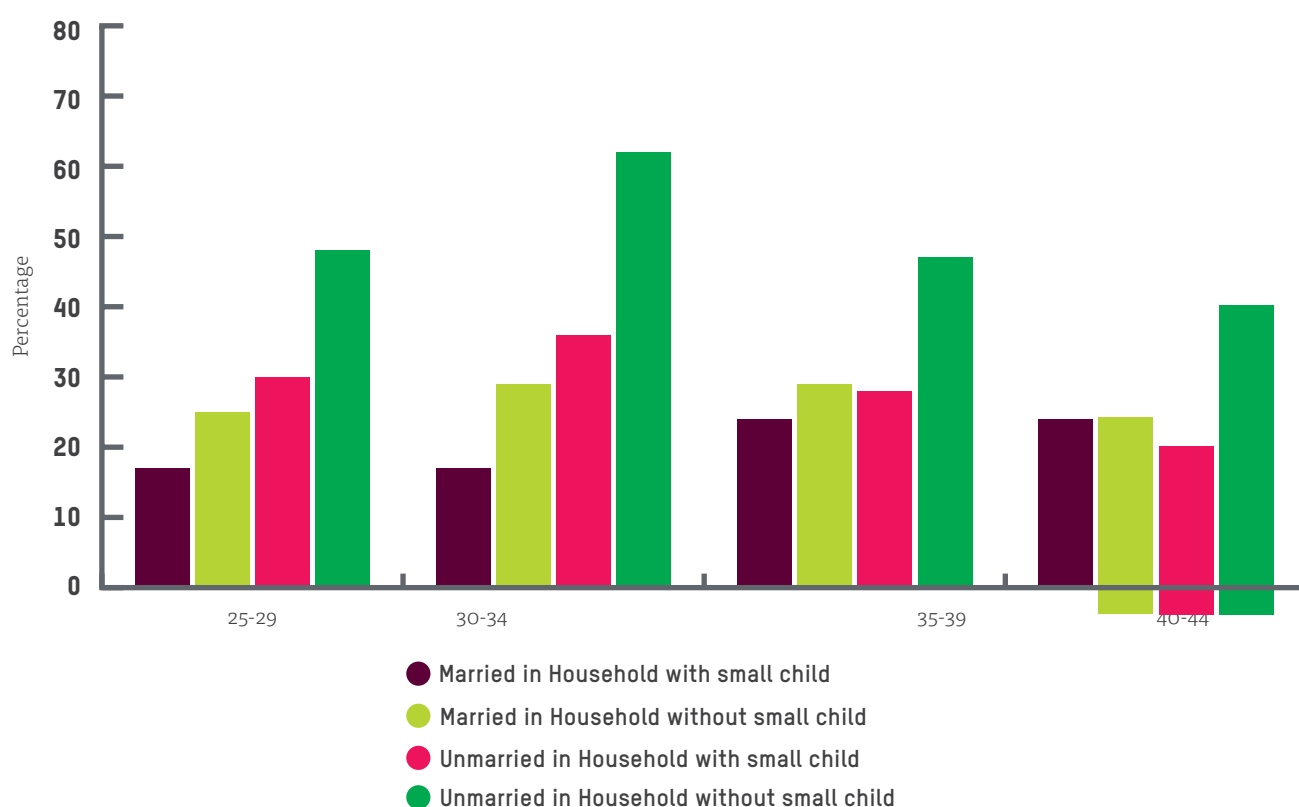
Unlike the NSS which does not allow to map every child in the household with its mother, IHDS-II survey allows an exact match of the mother and child. Hence, a more direct approach is taken to ask whether workforce participation is affected if any woman has a child below 6 years, and between 7 to 14 years. The 0-6 years children are

taken as a separate group because they are most likely the children of women who have given birth to a child between the previous and recent round of IHDS. However, unlike NSS, the IHDS results does not show any change in overall FWFP across the women who has such a child, but there is a small tendency to shift from full-time work to more part-time or occasional work for those women, and more so for women who have a child aged 0-6 years and have probably given birth over the survey interval (Figure 3.23).

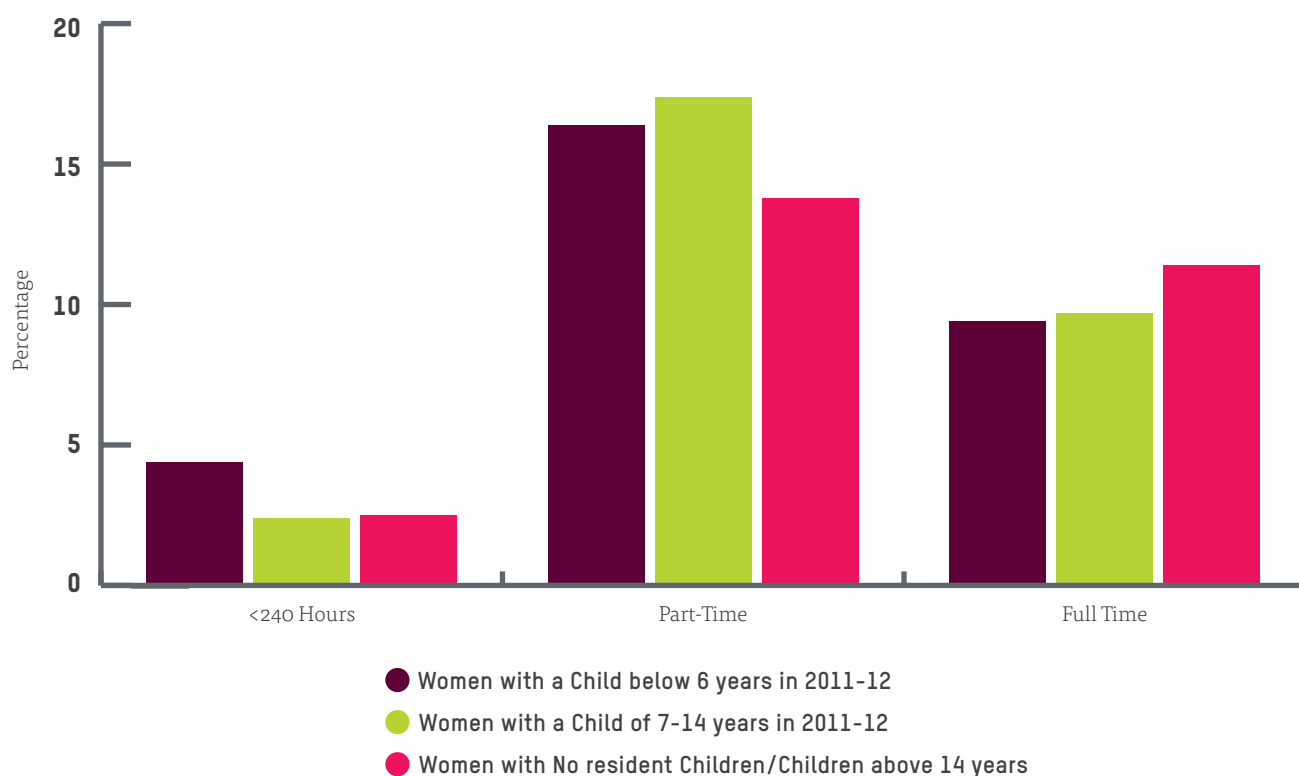
Care work for other family members also plays a role in determining whether a woman will work.

However, at this stage, empirical studies, such as Sarkar, et al. 2019, seem to indicate that the presence of an older family member does not lead to a statistically significant drop in FWFP. This could be because such family members could take over child care duties, which partially counteracts the effort involved in caring for them. This issue is discussed in more detail in the chapter on unpaid care work. Also, as the accompanying case study shows, women may choose to stay at home to supervise the upbringing of older school-going children, beyond the usual age of child care provision.

**FIGURE 3.22 URBAN FWFP BY TYPE OF HOUSEHOLD IN TERMS OF CHILDREN AND MARITAL STATUS**



**Source:** Authors' analysis from NSS EUS 2011-12

**FIGURE 3.23 EXTENT OF WORK BY AGE OF CHILD**

*Source: Authors' analysis from IHDS-II*

## 3.7 POLICY IMPLICATIONS

### 3.7.1 What implications do these patterns have for policy?

There is much that has not been explored in this chapter, in particular the issue of patriarchy and how it affects female workforce participation, some of which are addressed in other chapters. Nor must we ignore the role of early education and wider behavioural change campaigns in combating prejudices that emerge from patriarchy. It is important to recognize that as long as these prejudices persist, other measures can only be palliative and not transformative.

While different sources of data do give a conflicting picture of the spatial pattern of women's work in India, they all agree that female work force participation is very low, especially in urban areas. However, much of the analysis and patterns that follow draw upon patterns in the data – which may vary by source. We have tried to use census data wherever possible to limit the sampling differences but it would be useful for policy to reconcile the reasons why estimates of FWFP vary so widely across data sources.

FWFP is also higher in smaller towns as compared to larger cities. This may be due to the differential

skills involved or the ease of navigating a smaller town or the ability to undertake subsidiary work. Policy needs to focus on smaller urban areas to ensure that they stay women-friendly.

If there are jobs, the women will come, but not too many – at least in urban areas. While there is an increase in FWFP if the share of 'female-friendly' industries and services increase, the rise in FWFP is not large. Moreover, while the share of women's work in services as a share of all working women is relatively more compared to men, it is also relatively more in labour intensive manufacturing too. So, policy can adopt a two-pronged approach – to increase employment opportunities in both labour intensive manufacturing and services. However, while it is important to do this, we must recognize that it will at best be a partial solution.

Caste still continues to matter, especially in accessing particular types of work. In part, this can be because of the lack of opportunity to acquire specific skills. Furthermore, within caste, gender may play an exacerbating role, as seen in the health sector. Policies to increase access to hitherto disadvantaged social groups must be sensitive to the fact that gender could be an additional hindrance in overcoming such disadvantage.

To the extent that a rise in income affects FWPR negatively, it reflects cultural preferences that do not perceive an intrinsic benefit in women's work – adopting only an instrumental approach to their employment. Fortunately, the effect in urban India may be weak. However, it is also true that rising income can enable women to give up precarious casual work or unpaid work in home enterprises, and focus on self-employment and regular salaried/ wage work.

It is also the case that more educated women are more likely to be doing regular salaried/ wage

work. This is more so the case if she is as well or better educated compared to her husband, when she is more likely to participate in the work force, as well as work at regular salaried/ wage positions. It is important for policy to continue the focus on female education to build on recent gains.

This implies that the importance of policy to increase regular salaried jobs is even greater for encouraging women and especially educated women to join the workforce. Furthermore, investing in women's education would mean that they are more likely to be as well or better educated compared to their husbands and hence more likely to work. The attachment to the husband's industry is perhaps due to the familiarity of the industry and it is important to undertake information dissemination exercises to broaden the choices of such women. As we are now getting more educated entrants into our workforce, it is important to recognize that our manufacturing does not appear geared to leverage the productivity gains that come from such educated workers, as is evident by lack of opportunities for workers who have completed schooling in manufacturing.

Childcare (more than elder care) has been an issue and it does seem to affect both participation and the nature of work (part-time vis-à-vis full time). Even as a variety of policy initiatives (leave, child care facilities, etc.) are implemented, it is important to recognize that the ability to do part-time work may be important in retaining women (and men) in the workforce, post the arrival of a child. Firms may need to explore the possibilities of going beyond full-time work to retain their workforce. As the chapter on unpaid care work argues, location (home based or elsewhere) and timing of work affects the participation of women significantly and in a complicated manner.

### 3.8 GETTING THE WOMEN IN

There are no silver bullets or simple answers to mitigate the inequality between female and male labour force and workforce participation. Even though there is variation across the country, the participation rates of women in the workforce is low by international standards even in locations where it is relatively high in our context. Yet, it is important to pursue this endeavour because the benefits are many and multi-faceted – ranging from economic advancement to a social environment that is more nurturing and facilitative for all genders, for this inequality is as much as loss for men as it is for others.

Much of what can be done is similar to what is needed to redress other inequalities – the

focus on smaller towns, on caste inequities, on increasing jobs in manufacturing, on ensuring that more such jobs have regular wages, etc. The improved educational profile of women has many other benefits – from enabling access to new job markets to enabling more meaningful decision making at home. Similarly, as manufacturing policy creates jobs that can leverage educated workers, educated women may be able to go beyond services in seeking employment opportunity. Yet, in pursuing these paths, it is important to always keep in mind that gender brings its own complexities that add to the inequities brought on by location, by caste and lack of good jobs. If policymakers are sensitive to these nuances, more meaningful progress can be achieved towards equity.

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# OUT OF THE LABOUR FORCE

Gayatri and Deepak\* Sahni made a conscious decision soon after their first child Divyansh was born. Deepak would continue to work from home for the steel pickling units - making metal washers, and Gayatri would be a stay at home mother. Gayatri had worked as a nurse for nearly 10 years in a government hospital in Gorakhpur, prior to her wedding. Deepak earns Rs 14000 a month. Had Gayatri sought employment her salary would have certainly augmented their household income.

‘It is a “small price” to pay to ensure that my children have a better future. The locality that we live in isn’t the most conducive for children,’ said Gayatri. She says that at some point she did contemplate joining the workforce but the day her son came home with some money, having sold a bottle to a scrap dealer, she dropped the idea. ‘Children in the locality, with parents away at work, are left to fend for themselves. Some end up picking waste and selling them for money,’ she said. Gayatri and Deepak, with their two sons, live in an eight feet by ten feet, double storeyed house. Her two sons go to private schools in the neighbourhood under the EWS category. They want their sons to have good education and a good job; the older one is an aspiring IAS officer.

While Gayatri is skilled and has stayed out of the workforce voluntarily, women who have a job are always on tenterhooks, ready to be let go whenever there is an employment problem. Not far from Gayatri’s house, live Reshma and Kanti. They lost their jobs almost six months ago, when the steel pickling unit<sup>1</sup> they were working in shut down. These units have been under the scanner of the National Green Tribunal (NGT) and the Delhi Pollution Control Committee (DPCC) for a few years now. Steel pickling falls in the list of ‘prohibited’ industrial activities under the Delhi Master Plan 2021 and DPCC ordered its closure in 2013.<sup>2</sup> The effluents from these are discharged into open drains that ultimately empty into the Yamuna. About 90 units were shut down in just the last few months for violation of pollution norms and those that remained have downsized big time.<sup>3</sup> The first casualty were women.

The gendered aspect of the work is one of the reasons that women are dispensable. Women do not operate the heavy polish machines; it is very heavy and requires a lot of strength. While men are hired for operating furnaces (*bhatti ka kaam*), polish work (*kaarigars*) or in supervisory roles, women are hired for subsidiary, unskilled work

1 Steel pickling is the process of removing impurities, such as stains and inorganic contaminants, from the metal, often using strong acids.

2 <http://www.indiaenvironmentportal.org.in/files/steel%20pickling%20units%20NGT%20Delhi.pdf>

3 <https://thewire.in/labour/human-cost-of-quick-fix-air-pollution-control-measures>



such as packing, packaging, and *chaak-mitti* (where the excess polish dust is wiped off the vessel). Child helpers can easily replace them (Krishnan 2015). 'In fact, to cut cost the units also hire the new migrant workers who will agree to work for very little,' explains Sunil, a researcher with the Centre for Policy Research (CPR). Moreover, a study shows that most steel units do not want to employ women as they do not want to take any responsibility for the safety of women workers and avoid any scandal at the workplace (Ibid.).

Reshma and Kanti are hoping for a turnaround. What they are clutching on to are just straws with the sealing drive likely to take away more jobs. But going back to their hometown is not an option.

There are few like Radha from Moradabad, who still has employment in the area. She took up the *chaak-mitti* work six months ago, when her husband fell ill and was in the hospital for a few months. Radha's husband Raju Singh

works in a hosiery company in Jahangirpuri. He corroborates that the number of women have reduced drastically in his unit. 'The orders have reduced. They were in packing and thread cutting, which can be done by men or cheaper labour. Moreover, once the women get pregnant, they leave for a few months. After which they might or might not get their old job, especially if there has been a downsizing.' These units not just flout minimum wages, they do not give any maternity benefits either. Crèches, therefore, are not even in the radar of these units.

A rise in female employment rates to the male level would provide India with more than two hundred million additional workers, making India potentially much richer and well on its way to middle-income status (The Economist 2018). Beyond the obvious economic benefits are the incalculable human ones.

\*all names have been changed

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# 4. NO WORK IS EASY!

NOTES FROM THE FIELD ON UNPAID  
CARE WORK FOR WOMEN

BY DIYA DUTTA





**16.4 BILLION HOURS** are spent in unpaid care work every day. This is equivalent to **2 BILLION PEOPLE** working **8 HOURS** per day with no remuneration.



India's value of unpaid care work as percentage of GDP is US\$ **3.5%** (PPP 2011): Women **3.1%** and men **0.4%**



Women in India spend **312** minutes/day in urban areas and **291** minutes/day in rural areas on unpaid care work. Men correspondingly spend only **29** minutes (urban) and **32** minutes (rural) on unpaid care work.



In India, women spend **297** minutes per day only on domestic work for own final use within the household while men spend a mere **31** minutes on the same work.



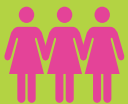
Unequal burden of unpaid care work between women and men is very high in India—the gap that needs to be closed to achieve gender equality is **40.5%**. India is placed **4<sup>TH</sup>** (out of 67 countries) from the bottom ahead only to Pakistan, Cambodia and Mali; whereas in Sweden men perform **44.7%** of unpaid care work and the gap is only **5.3%**. Sweden in on top of the list.



In India, public investments in **THREE** pillars of care work are (a) pre-primary education, (b) long-term care services, (c) maternity, disability, sickness and employment injury benefits is **LESS THAN 1%** of GDP. Same in Denmark and Sweden is more than **8%**.



In India, **10%** of employment is related to women's care work.



In India, **78.6%** (Urban) and **66.4%** (Rural) women are out of the labour force.

Source: ILO Report: Care Work and Care Jobs: The Future of Decent Work 2018 (June).



**THE KNOWLEDGE OF COOKING DOESN'T COME PRE-INSTALLED IN A VAGINA. DOMESTIC WORK IS A SKILL BOTH MEN AND WOMEN SHOULD HAVE. IT IS ALSO A SKILL THAT CAN ELUDE BOTH MEN AND WOMEN.**

**—CHIMAMANDA NGOZI ADICHIE (2016)**

## 4.1 THE TRAGEDY OF FEMALE LABOUR

While unpaid care and domestic work is a global phenomenon, it is especially acute in India, where women's unpaid care and domestic work hours are second only to women in Kazakhstan (Kohli and Das 2017).

Central to Oxfam's approach is women's rights and gender equality, acknowledging that many of the challenges faced by women and communities are structural and rooted in complex systems of power, social norms and macroeconomic and environmental contexts that can entrench poverty and inequality. One of the most universal and persistent barriers for women and girls to achieve economic equality is the exclusion in economic policy making of unpaid work including unpaid care and domestic work. This type of work, often back-breaking and time-consuming, is essential to the smooth functioning of the economy, yet disproportionately undertaken by women and girls, especially those in poor and marginalized communities.

Few contradictory trends have been witnessed in India since the beginning of the millennium. Since 2004-05, India's GDP scripted its highest growth ever, since the economic reforms began in 1991. At the same time female labour force participation declined sharply. In India, women comprise half of the population, but less than a quarter of women, 23.7 percent (EUS data in NSSO 2015-16) participate in the labour market—organized and unorganised sectors both. Further, despite the drop in female labour force participation, women's time poverty<sup>1</sup> increased manifold.

Economic growth is gender blind and while it has, in the past, created some employment opportunities, these opportunities were superimposed on a social fabric that was gender unequal and indisposed towards women. Unpaid care and domestic work falls within this ambit of gender inequality leading to unequal opportunities for women in the labour market. For example, between 2000 and 2005, 60 million jobs were created in total, but women lost out, as 14.6 million of those jobs were attributable to a rise in rural female unpaid family workers in the agriculture sector. This is because most of the paid jobs went to men and the unpaid jobs were left for

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<sup>1</sup> Explained later in the chapter.



women to take up.<sup>2</sup> According to McKinsey (2015), women in India do almost 10 times as much unpaid work as men. This would be much more if we take into consideration domestic unpaid work done by women. Women comprise 99.4 percent of the workforce performing domestic or domestic and allied work. It is estimated that if this unpaid care work is recognized and there is direct public investment in the care economy of 2 percent of GDP, then India will create 11 million new jobs (ILO 2018).

Apart from unpaid care and domestic work responsibilities as a major deterrent for women's participation in formal labour force, there are other reasons that discourage women from taking up paid employment. One of the biggest reasons for women losing out on employment opportunities is because of social norms. Women have to seek permission from the men in their families before taking up paid employment while men don't need permissions nor do they have limitations on movement outside the home. Further, women seek employment out of conditions of poverty. Once their family income rises social norms dictate that women be withdrawn from paid labour as it is a marker of social status (Bhandare 2017). This was therefore not a positive development, but in fact, a retrogressive development which goes against the basic tenets of women's realization of their economic potential and human rights. In 2004-05, of the 148 million women workers in the Indian economy, 96 percent or 142 million were unorganized workers including unpaid

family workers (Swaminathan 2013). In 2011-12, according to the NSS 68th round, there were 129 million women workers, 10.7 million of whom were in formal enterprises.

The term 'unpaid care and domestic work' describes the direct care provided to children, the elderly, ill and disabled people at the household and community level; as well as indirect, domestic work such as cooking, cleaning, washing and fetching water or firewood that facilitates this direct care. It is unpaid because it emerges out of societal or contractual obligations, and it is work because engaging in it has associated costs in terms of time and efforts (Elson 2000. See also ILO 2018). Care is integral to the health, wellbeing and survival of society and economy. However, its benefits are often not recognized, and its responsibilities and associated costs continue to disproportionately fall on women, who spend two to 10 times more time on unpaid care work than men (Ferrant et al. 2014). In India, men only do 0.6 percent of such work (NSS 2011-12, 68th Round). This limits their time to spend on personal care, paid work, leisure, social and political activities (Karimli et al. 2016; Ferrant et al. 2014). This in turn has implications on women's time poverty, depletion in their health and well-being and can fundamentally undermine their human rights (Sepulveda Carmona 2013).

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<sup>2</sup> In the first four months of 2017, jobs for men increased by 0.9 million; at the same time 2.4 million women fell off the employment landscape (CMIE 2017 quoted in Bhandare 2017). Sectors with fastest growth and maximum hiring are dominated by men such as telecom, banking and the core sectors. In telecom 83.84 percent of all employees are men; 78.79 percent in banking, financial services and insurance; and 74.75 percent in core sectors such as oil and gas, power, steel and minerals are men (India Skills Report 2017). The link between education and jobs is broken in India. In rural areas, 67 percent of girls who are graduates do not work; while in urban areas 68.3 percent of women who are graduates do not have paid jobs (UNDP 2015).



## 4.2 WHY WOMEN PARTICIPATE LESS IN THE WORKFORCE:

### 4.2.1 The importance of female labour

This chapter explores the argument put forward by Santosh Mehrotra and Sharmistha Sinha (2017) in the *Economic and Political Weekly* explaining the reasons behind low female labour force participation. Rising levels of unpaid care and domestic work is cited as one of the main reasons why women are dropping out of the work force.

There is enough evidence to demonstrate that high female labour force participation rate is good for overall prosperity of the country—the realization of the full economic potential of women's productive capacity boosts the growth rate; and for obvious reasons makes the economy inclusive. According to NITI Aayog CEO, Amitabh Kant, increasing female labour force participation from the current 24 percent to 48 percent will translate into a 9-10 percent GDP growth rate (*Financial Express* 2018. See also OECD 2015). Female employment is critical not merely because it has a positive effect on the quality of life of the women, it also significantly improves the living conditions of the entire household (Subbarao and Raney 1993 and Drèze and Sen 1989).

### 4.2.2 The reasons

There are three aspects of the rationale for declining female labour force participation in

India in the Mehrotra and Sinha (2017) paper that form the working hypotheses of this study.

First, Mehrotra and Sinha (2017) argue that post 2005, there has been a significant increase in enrolment in India, higher for girls both in the age group of below 15 years and 15-19 years. Since 15 is the legal age for working, their participation in school had a dramatic impact on female labour force participation rate. Enrolment rates for girls in elementary school and secondary school both rose dramatically. One factor driving female labour force participation down the U-shape across countries as per capita incomes rise is increasing enrolment of girls in school. In other words, there is a U-shaped<sup>3</sup> relationship of female participation with education and household income.

We therefore hypothesize that: Due to the success of the Right of Children to Free and Compulsory Education Act, 2009—The RTE Act 2009, girls—who often support the women in the household with care work—are now spending substantial amount of time in schools during the day. They are therefore no longer available to help in household work. Therefore, as an unintended consequence of the success of RTE Act 2009, there is increased burden to perform unpaid care and domestic work by adult women of the household.

Second, Mehrotra and Sinha (2017) observe that the decline in female labour force participation rate is highest in the age cohorts of 30-34 years followed by 35-39 years. This indicates that there is some reason beyond the success of universal education that is prompting women to drop out

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<sup>3</sup> When incomes and literacy levels are low, women largely engage in unskilled labour work predominantly in agricultural economies. Once economies transition from agriculture to manufacturing and services, women's low skills and education levels don't match with the skills demanded in the labour market. They do not wish to work as unskilled workers in manufacturing. Consequently, women's labour force participation drops. With the rise in household incomes and education levels of women, women rejoin the workforce at higher skill jobs and female labour force participation increases (Goldin 1994).

of labour force (Sinha 2014). The authors argue that the ideals of femininity and norms around marriage and care work govern the entry into and withdrawal of women into the labour force. Specifically in rural India, the share of unpaid care and domestic work for women increased from 51.8 percent in 2005 to 59.7 percent in 2012 (Mehrotra and Sinha 2017).

Thus we hypothesize that: Over a 5 year period<sup>4</sup>, women's domestic unpaid care and non-care work has increased manifold which is preventing them from participation in the labour market for income generating work.

Third is the phenomenon of greater nuclearization of families, whereby there are fewer adult<sup>5</sup> women to provide support for household unpaid care and domestic work in families. The authors argue that consequently, women are constrained from joining the labour force even if they have the necessary qualification (Mehrotra and Sinha 2017). Further, India's gender chore gap, the difference between the amount of housework performed by women and men is the highest in the world indicating the huge responsibility of unpaid care work that women shoulder (Hausmann et al. 2012).

Thus, we hypothesize that: Due to increasing nuclearization of households, there are fewer adult women in a household to lend support to unpaid care and non-care work, putting greater pressure on single/fewer women to perform these tasks.

Further, studies in India have also demonstrated that collection of fuel wood and drinking water are the most time consuming unpaid domestic chores for women. As per NSSO (69th Round, 2012) only 46.1 percent households in rural India got drinking water within the premises of their house. When drinking water had to be fetched from a distance, female members did this work in 84.1 percent of rural households and male members only 14.1 percent (rural India).<sup>6</sup> In urban India, women performed this task in 72 percent of the households and male members a mere 23.5 percent. Thus, on an average, in rural India, women spend 35 minutes in arranging drinking water for the household while their urban counterparts spend 31 minutes.

Similarly, in collection of fuel wood, women spend approximately 374 hours every year collecting firewood in India. Women with improved cooking stoves save 70 hours per year, which means 1 hour 10 minutes every day when using a clean cooking stove.

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4 In the absence of panel data, the selection of time period was a pragmatic one. We relied on people's recall during qualitative interviews to gauge a sense of whether women feel their burden of care work has gone up/ remained the same/ reduced and the reasons for any of these answers. 5 years was considered a workable timeframe when reliable recall could be gauged. While the responses are representative of the locations where the qualitative interviews were conducted in the 4 states of Bihar, Jharkhand, Uttar Pradesh and Chhattisgarh, it may not be possible to extrapolate to the rest of India basis these findings at this stage.

5 Not only is there a gendered division of labour where women are overwhelmingly confined to undertake unpaid care and non-care work; there is also an age-wise division of labour where within a household, older women do either domestic work or outside work at the exclusion of other kinds of work. So in a household, even if there are more than one adult woman, unpaid care and non-care work is not shared among the women but falls on either the older woman or the younger adult woman entirely.

6 In India, there are widely varying discrepancies in the definition of what constitutes work and domestic work. For example, between the NSS 68th and NSS 69th rounds, the definition of domestic work became sharper in the 69th Round. So in the 68th Round, men were asked, do you perform any domestic duty without specifying what kind of work. By that definition, men performed only 0.6 percent of domestic duties. In the 69th Round, the definition of domestic work was made sharper, like fetching water outside the home, etc. What emerges then is that while fetching water is primarily a female duty, because it entails travelling some distances outside the home, in some instances, men perform that duty instead of women.

Through this field-based study, in addition to exploring the hypotheses above, we will assess how fiscal policies—public spending through the government sponsored Ujjwala Scheme and NRDWP (National Rural Drinking Water Programme) could help achieve gender equality and improve women’s labour force participation in India or reduce heavy levels of unpaid care and domestic work.

## 4.3 LITERATURE REVIEW

In this section, we will discuss issues that are central to discussions on unpaid care and domestic work and the declining female labour force participation. This includes the definitional issues of excluding unpaid care work from conceptualization of the economy, the concept of time poverty and its linkage to income poverty, linkages between paid and unpaid care work, and finally social norms.

### 4.3.1 The Crisis in the Care Economy

Global developments have had a negative bearing on unpaid care and domestic work. Ever-increasing population, coupled with population ageing in most parts of the world, women’s secondary status in labour markets and shortcomings in social policies together form a volatile situation. Governments, employees’ trade unions and individual citizens need to pay urgent attention to organize care work better, else it will lead to unsustainable global care crisis and increase gender inequality at work (ILO 2018).

### 4.3.2 Women’s Unpaid Care and Domestic Work as Hidden Subsidies to the Economy

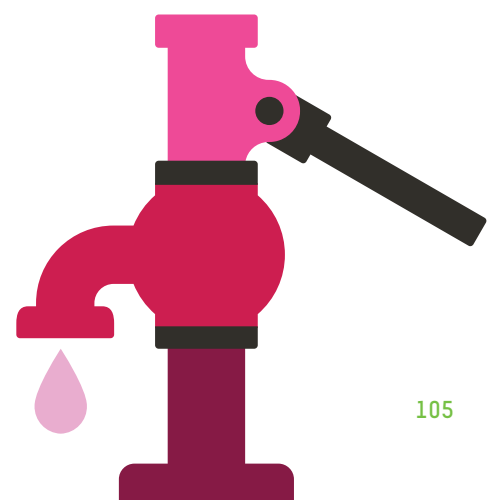
Gender inequality is at the heart of unpaid work debate. Women’s burden of unpaid domestic work, their poor access to education and skill development, restricted horizontal and vertical mobility within the labour market and restricted

choice of work—all of which are consequences of unequal division of unpaid domestic work and socio-cultural norms—result in women’s inferior status in the labour market (Hirway 2008). Most importantly unpaid care work entails a systemic transfer of hidden subsidies to the rest of the economy that go unrecognized, in turn imposing a systemic time tax on women throughout their life-cycle. These hidden subsidies not only signal the existence of unequal power relations between men and women, they also connect the ‘private’ world of households and families with the ‘public’ spheres of the market and the state.

Thus unpaid care and domestic work lies at the intersection of household production, market production and public sector policies. The issue of unpaid care and domestic work, while it originates within the household, the debate and discussion goes far beyond the household and needs to be situated within the market principles and policy domains (Antonopoulous and Hirway 2010).

### 4.3.3 Unpaid Care Work Missing from Conceptual Definitions of ‘Work’

Underlying the different categories of work is a definitional fuzziness about what constitutes ‘work’ both globally and within India. This is at the heart of creating inequality and discrimination of different types of work undertaken by men and women. In India, the National Sample Survey Organization (NSSO) has been characterized



by shifting definitions of ‘work’ and ‘economic activity’ which in turn mean that the classification of ‘work’ and ‘non-work’ remains arbitrary and inconsistent (Ghosh 2016a). In the 22nd Round (1967-68) domestic work by family members was not considered as work. Between the 32nd Round (1977-78) and 49th Round (1993), the NSS shifted to the concept of ‘gainful activity’ which was defined as any activity pursued for pay, profit or family gain that adds value to national income. Inclusion or exclusion from the concept of ‘gainful activity’ was determined by some ‘inchoate and non-explicit notion of morality’ (Ibid.: 9). The entire range of activities involved in social reproduction (defined as ‘execution of household chores’) along with voluntary work for the community or for meeting social commitments, etc. was not considered to be part of gainful activities (Ibid.). From the 50th Round (1993-94), the NSS dropped the definition of ‘gainful activity’ and adopted instead the concept of ‘economic activity’. Domestic work continued to be excluded from its definition although collection of drinking water and fuel wood is now counted as economic activity by the NSSO.

Domestic work was lumped together with a set of disparate and inconsistent set of activities under the broad category of ‘neither working nor available for work (or not in labour force) which includes the following codes:

91. attended educational institutions
92. attended to domestic duties only
93. attended to domestic duties and was also engaged in free collection of goods (vegetables, roots, firewood, cattle feed etc.), sewing, tailoring, weaving etc. for household use
94. renters, pensioners, remittance recipients, etc.
95. not able to work owing to disability
97. others (including beggars, prostitutes, etc.)

98. did not work owing to sickness (for casual workers only)

99. children of age 0-4 years.

Ghosh (2016a) argues that codes 92 and 93 are fundamentally different because the activities under those sub-categories involve the production of goods and services that are potentially marketable and are therefore economic in nature. Ghosh (2016a) proposes an expansive definition of work which includes codes 92 and 93 and she finds that many more women work than men and work participation rate for all women in India has been consistently higher than men. In 2011-12, across both rural and urban areas, the total female work participation rate was as high as 86.2 percent compared to 79.8 percent for men (Ghosh 2016a: 11).

A welcome change has been brought over globally in the definition of work during the 19th International Conference of Labour Statisticians (ICLS) held in 2013. In its Resolution I, it defines work as, ‘any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use’. The phrase ‘for use by others or for own use’ marks a decisive change as it recognizes as work the production of goods and services provided in the home for other household members and for personal use (ILO 2018; Ghosh 2016b). While the NSSO codes 92 and 93 if taken out of its current categorization would allow unpaid care work to be considered as work participation, Government of India has not as yet incorporated the ICLS definition and hence this form of work continues to remain unacknowledged.

#### 4.3.4 Women’s Time Poverty

The other issue is of time poverty which has its roots in inequality as well. The burden of work prevents women from participating in paid

labour (which contributes to improved economic status within the household) or in social activities (which improves women's position in the community), thus feeding back to their low status (Kohli and Das 2017).

One crucial factor in the well-being of households and individuals is time. In turn, an important indicator of well-being is leisure—the time spent on rest and relaxation. The concept of time poverty has been developed in this context which is the time dimension of poverty (Blakden and Woden 2006, Kes and Swaminathan 2006, Charmes 2006). 'Time poverty is understood in the context of the burden of competing claims for individuals' time that reduce their ability to make unconstrained choices on how they allocate their time, leading frequently to work intensity and to trade offs among various tasks. Time poverty is seen as the time burden on the poor especially women...It is also seen as time stress, due to the predominance of the poor in drudgery and in low productivity activities and limited time availability of the poor to productive work' (Hirway 2010: 26).

Time poverty, argues Ghosh (2016a) is more than a qualitative loss of individual choices. Most people who are time-poor are also income-poor and suffer from multiple deprivations. It is also the case, that the quantum of work burden—paid and unpaid work—is so high that households feel overstretched to complete all the work in time. In such a situation, time poverty leads to more than mere loss of leisure, it adds to the material deprivation of the family because of loss of consumption that would have been enabled by the unpaid labour that there simply isn't enough time for. In turn it reduces the quality of life because of the loss of relational time within the family (Ghosh 2016a). In countries like India, due to the lack of market substitutes or state provision, many unpaid activities simply cannot

be outsourced such as drinking water collection and collection of fuel wood.

Time-use data helps to separate the poverty of women from the poverty of men and it emerges that there is growing feminization of poverty in general. In developing countries, the overall higher burden of unpaid work has a gender dimension. In poor households, not only are women saddled with hard, menial, drudgery work, work that does not give a sense of empowerment or remuneration and keeps them tied to their subordinate status within household and community, they also have to spend long hours in income generating work thus exacerbating their time poverty and further reinstating the intra-household inequalities (Hirway and Jose 2008). The first and only Time Use Survey (TUS) conducted in India was in 1998-99 in six states—Gujarat, Tamil Nadu, Madhya Pradesh, Haryana, Odisha and Meghalaya. The survey clearly demonstrated that women have less time to sleep than men, less time to eat and drink, less time for personal hygiene and care and less time for exercise and games (Hirway 2010). It also shows that poorer households spend greater time in unpaid work in a week and women particularly more than men spend significantly more hours on unpaid work. Further, women in ultra-poor households rank at the bottom of the burden of total work, proving that they are over-worked, they are time-deficient and therefore doubly poor. The TUS shows that women from ultra-poor households have ten hours less of personal time per week than ultra-poor men (Ghosh 2016a).

#### 4.3.5 Social Norms as Roadblocks

Underscoring all these issues, are the ideals of femininity and masculinity and social norms around gender roles and responsibilities rooted in structures of patriarchy and power. These norms view unpaid care work as a female prerogative and

act as a key barrier to women's ability to enter the formal labour force and influence social norms whereby men and the state share responsibility for unpaid care and domestic work. The gender construction of society determines the allocation of power and work responsibility within a household between men and women, boys and girls. Women and girls spend overwhelmingly more time on unpaid labour than men and this contributes to their overall lack of status and employment because it reduces their access to education and their ability to engage in paid labour (Ghosh 2016a).

An ActionAid India and UN Women (2017) study demonstrates that gendered social norms are so deeply entrenched within patriarchal society in India, that it makes no difference to women's unpaid care and domestic work responsibilities at any time, even during pregnancies. In fact, the study shows that women who were beneficiaries of maternity benefits based on conditional cash transfers, never had the opportunity to use the compensation to rest, nurse and rear their babies but instead, spent the money on food, medicines and household expenses. Such social security measures do not reduce women's work—paid, unpaid, under paid or care work. In rural India, beneficiaries did backbreaking agricultural work

till the time of delivery and resumed work within a month of delivery. Other beneficiaries who stayed home began doing strenuous household work such as fetching water and firewood within 7 to 30 days of delivery (Ibid.). In our study, we found that Muslim women went back to their household responsibilities and care work within a day of delivery of their babies.

## 4.4 OBSERVATIONS FROM THE FIELD

This chapter is based specifically on primary data comprising of a quantitative survey and qualitative field study in the states of Bihar, Jharkhand, Uttar Pradesh and Chhattisgarh covering the social categories of Scheduled Tribes (Adivasis), Scheduled Castes (Dalits) and Muslims. We present here the findings from the 1000 household survey data supplemented by the field observations from focus group discussions. The sample was selected based on access to Ujjwala and NRDWP schemes in villages and Ujjwala in urban wards of Kishangunj (Bihar) and Muzaffarnagar (Uttar Pradesh) municipalities.<sup>7</sup>

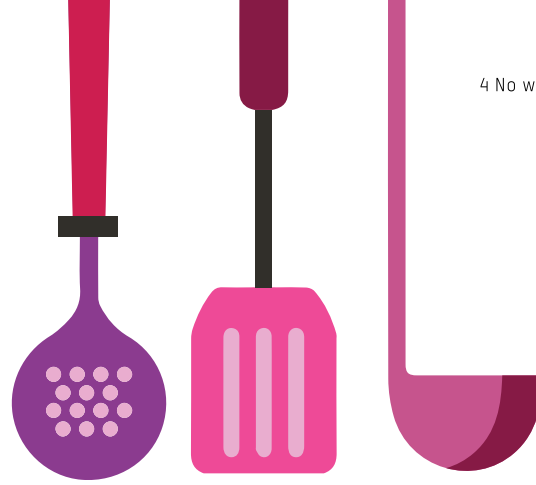
Following are the reasons for high burden of unpaid care and domestic work for women:

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<sup>7</sup> Note on Methodology: A 1000 household sample was selected across the states of Bihar, Jharkhand, Uttar Pradesh and Chhattisgarh for the survey. This was then divided between Scheduled Castes (Dalits), Scheduled Tribes (Adivasis) and Muslim population. Muslim sample was concentrated in Bihar and Jharkhand mainly in the districts of Muzaffarnagar (UP) and Kishangunj (Bihar). Dalits were concentrated in Bihar (Madhubani), UP (Gorakhpur) and some parts of Kishangunj (Bihar) and Muzaffarnagar (UP). Adivasis were concentrated in Chhattisgarh (Dhamtari and Ghariyaband) and Jharkhand (Lohardaga and Ranchi). The overall sample was also divided between rural and urban at 70:30 ratio. Out of a sample of 1070, 930 respondents were female and 140 were male further divided into Adivasis, Dalits and Muslims. There were 408 Dalits, 208 Muslims and 454 Adivasis in the sample.

For the focus group discussions (FGDs), the meetings were held with women only in groups of 10-12 persons. All districts from the 4 states covered by the survey were covered in the focus group discussions, All 3 social categories of Dalits, Muslims and Adivasis were covered in the FGDs. Both for the survey and FGDs, villages were selected based on their mention in the list of villages and urban wards which are covered by the NRDWP and Ujjwala schemes. However, we found in some instances where the village and urban wards are listed under the NRDWP or Ujjwala scheme but in reality these infrastructure services are not available in those villages or urban wards.

All names have been anonymized.



#### 4.4.1 High Demand for Unpaid Care and Domestic Work

On an average, women stay up for 17-19 hours in a day of which they spend 6 hours outside on paid work, and the remaining 11-13 hours, they spend entirely on unpaid care and domestic work. This is almost double of the estimation presented by Mehrotra and Sinha (2017) but similar to the findings in another study by ISST and IDS (see Zaidi and Chigateri 2017). There is often no scope for leisure or rest for the women. The main domestic unpaid care and domestic tasks that women engaged in included cooking, cleaning the house, washing dishes, washing clothes, child minding, preparing lunch for the family (for men to take to their work and for school-going children), preparing smaller school-going children for school, shopping for essential items and food items for the household, cattle rearing, work in the family farm land, and helping children with their studies. In Kishangunj, this also included all the work related to shifting to higher ground when floods arrived.

Our data shows that in households where the perception is that men should help women with domestic work, women spend 39 minutes more on paid work. So, there is a direct link between a woman's unpaid care burden and her ability to perform paid work. This is further corroborated by the finding that women who have some free time because husbands help with domestic work, spend 46 minutes less on leisure. This is explained by the fact that women who have some free time use that additional time to complete more unpaid work in the household and spare some more time on paid labour. Where women perform both paid and unpaid agricultural work

in the farm, especially in Chhattisgarh and Bihar, women mentioned that they are often faced by a situation where they are unable to complete their domestic work on time within a day. Thus they get up earlier and go to bed later to finish all the tasks.

Across the four states, leisure appeared to be a dispensable element in women's lives. It is often illusive. There is a religious aspect to it as well. Between Hindu (including Dalit women), Adivasi and Muslim women, it was evident that Muslim women had comparatively more leisure time than other categories of women. This was not actually a sign of better lives but of their further insubordination within society and household. Muslim women have restrictions on mobility outside the home and because of this, many of them are unable to work for pay.

Moeena Khatun of Harsadangi village in Mahingaon Panchayat, Muzaffarnagar (Bihar) said, 'I was getting an offer to become an anganwadi sevika. I did not get the permission because they objected to me leaving the house to earn money.'

Thus, they are bound to home and domestic duties all day—drudgery work. This allows them some free time in the afternoons—about couple of hours but reading namaz takes up half an hour, so their free time is limited. In the evenings, women in urban wards of Muzaffarnagar, U.P. mentioned that they have to cook for the family. This involves major work as the families are large<sup>8</sup> and a woman has to make at least 50-

<sup>8</sup> Muslim households are usually extended ones ranging between 7 to 13 members. Dalit and Adivasi households are usually smaller consisting of husband, wife and two to three children. In some cases, an older parent lives with the nuclear family.

60 chapattis (handmade bread) in one go! Our findings indicate that women's drudgery work is immense and merely the presence of leisure time may not actually mean that women get time to take care of their personal needs or rest.

First, let's address the hypotheses of the study.

#### **4.4.2 Social Norms Force Adolescent Girls to Time Poverty and High Unpaid Care and Domestic Work Responsibilities**

Second, while it was heartening to see the success of the Right to Education Act, with all school-going girls enrolled in schools, it has an unintended fallout as well in the form of increased unpaid care work burden on women and adolescent girls. Earlier, girls stayed at home and helped out with domestic work for their mothers. Now girls remain in school 6-7 hours in a day during which time they are unavailable to help out their mothers at home. Nonetheless, due to the gendered division of labour and prevailing social norms, school-going girls help out with domestic work before and after school hours and have no respite. At the same time, adult women are faced with increased work burden at home because now they have to prepare food for the girls as well as get them ready to go to school—tasks which were not needed to be done earlier.

This was so in the case of one of one Hindu adolescent girl Sunita in Bihar. She is in her second year in college and is preparing for the Common Law Admission Test (CLAT) exams. In the 13-member joint family, Sunita starts her day at 6.30 am and cleans the house before leaving for college at 9.30.am. She is back only at about 2 pm after attending her coaching classes. She visits the temple twice daily. Once back, she chips

in with the cleaning. Though she has brothers, Sunita takes the evening tea for her father at his shop and helps him for a couple of hours. She dedicates three hours to her studies in the evening but it is evident that it is not exclusive and co-exists with her duties at home. While she has the freedom to pursue her ambitions, she has to do so over and above the domestic chores. Thus, domestic work burden and drudgery work is highest among school and unmarried college-going girls.

A son is not expected to work at home, while for a daughter barely into her teens helping with the cooking is considered par for the course. Mahadevi, a widow, has a son who is in Class 11 and a daughter in Class 8. While Mahadevi does the bulk of the household chores, her daughter helps her with the cooking after school. 'The son has school and coaching,' she justifies. So does her daughter, we ask. 'How can boys sweep and mop?' she adds.

#### **4.4.3 Nuclearization is Putting Greater Unpaid Care and Domestic Work Pressure on Women**

Third, women's unpaid work burden has increased over a 5-year period between 2013 and 2018. As Munni Devi from a Dalit village in Madhubani district (Bihar) explained, 'for various reasons our workload has increased with time. Earlier, girls didn't go to school and were available at home to help with household tasks. Now they are in school which means I have to prepare additional tiffins for them and have fewer hands to help out with domestic tasks at home. Also, our families have shrunk and I don't have the luxury of seeking help from other women for household duties and tasks'.

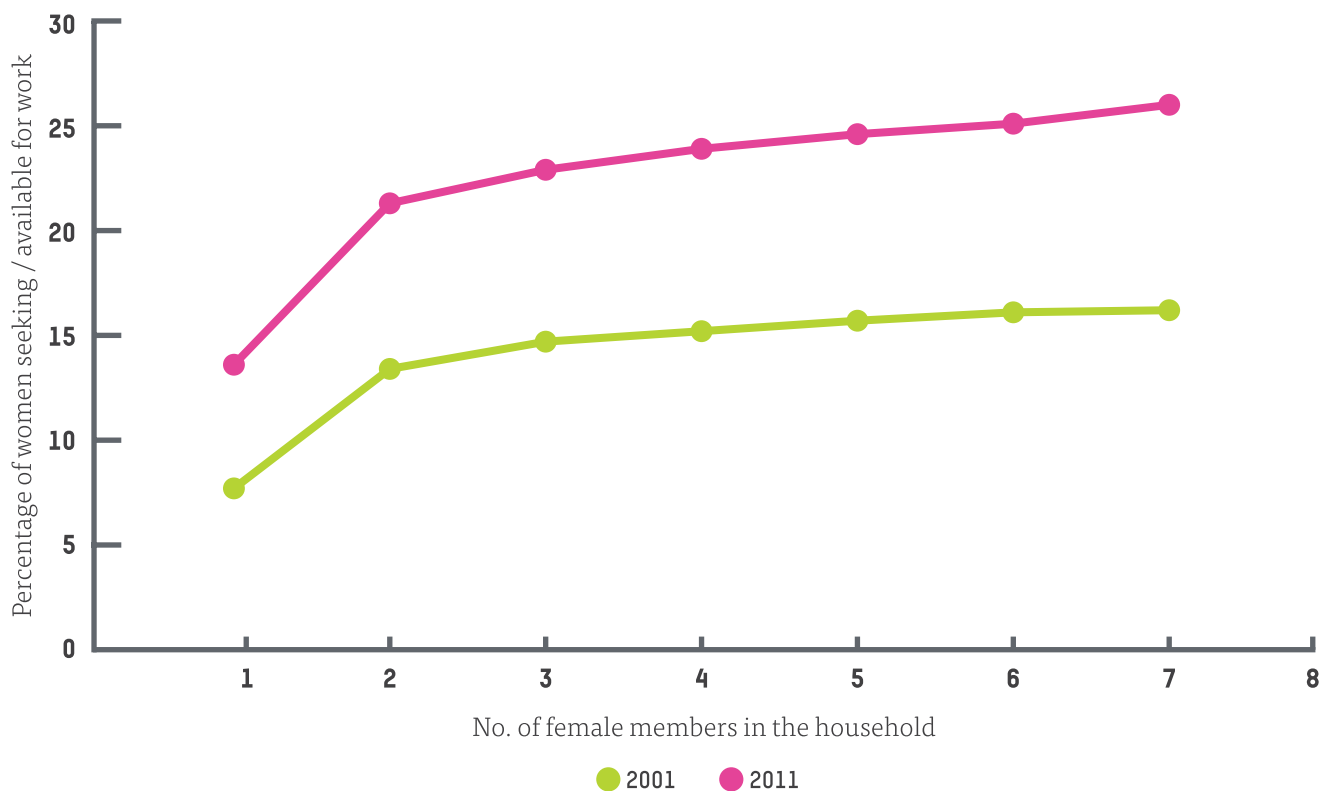


This is because earlier several brothers lived together in one homestead with their families. Now households have shrunk in size with each brother setting up his independent household.<sup>9</sup> Thus there are fewer adult women in a household to share the unpaid care and domestic work responsibilities. This confirms our third hypothesis that there is increasing nuclearization<sup>10</sup> which is increasing women's

unpaid care and domestic work responsibilities. An interesting data point from the Census 2001 and 2011 data shows that the potential for women available for work or seeking work increases with the increase in the number of women in a household in rural and urban India. This trend increased in rural India from 2001 to 2011.

What is also interesting to note is how responsibility of unpaid care and domestic work

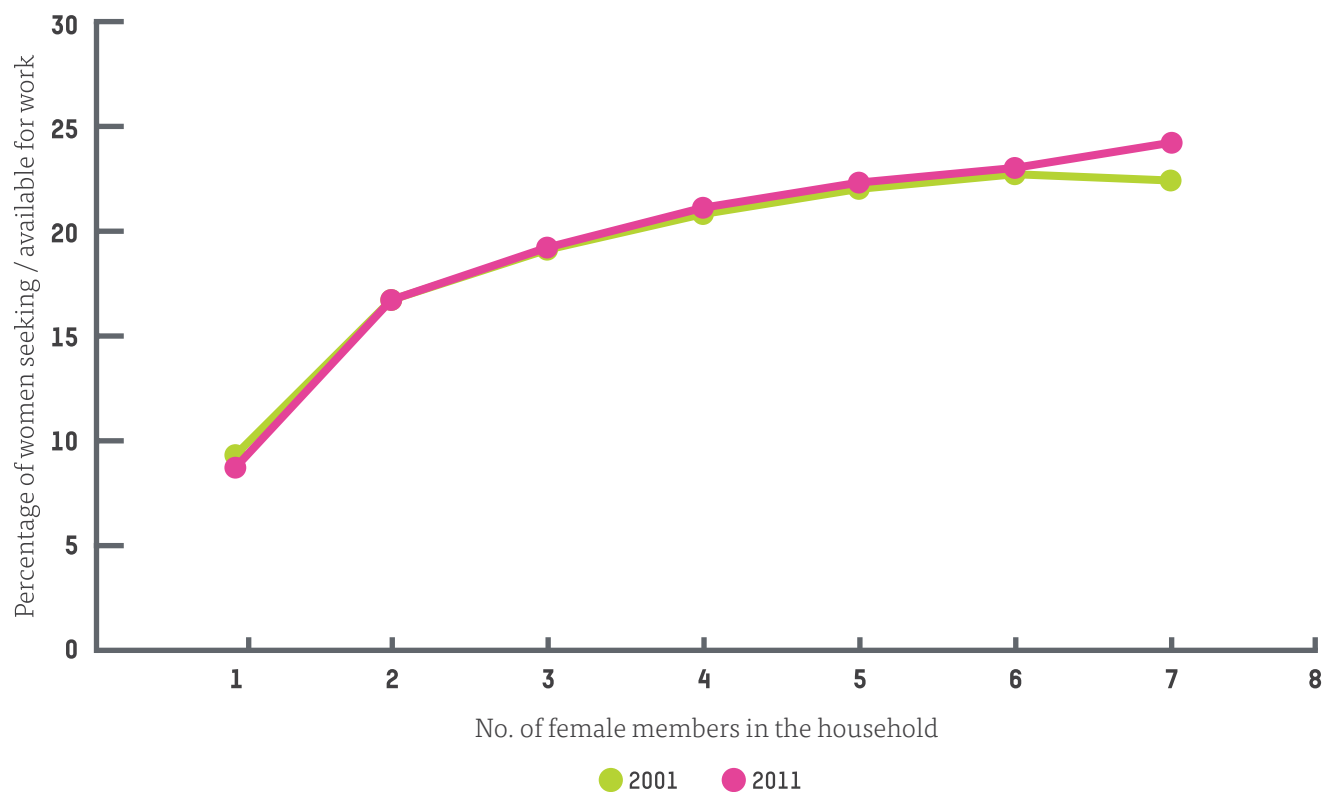
**FIGURE 4.1: WOMEN SEEKING WORK/AVAILABLE FOR WORK IN RURAL INDIA**



**Source:** Census 2001 and 2011, Compiled by Centre for Policy Research.

<sup>9</sup> Households are dynamic structures—they ebb and flow with time. At any given point of time smaller households are made up of husband and wife and their young children, in this case 2-3 children, and sometimes an older parent. Once the children go up, they get married, have children, so the original household increases in the number of residing members. In due course, some children move out and set up their independent households. The original household shrinks to just the husband and wife and perhaps one unmarried child.

<sup>10</sup> Census data from 2001 and 2011 shows that nuclearization of households has increased in rural India from 83.9 percent to 84.5 percent. Interestingly in urban India, nuclear households have remained static between 2001 and 2011 at 83.7 percent.

**FIGURE 4.2: WOMEN SEEKING WORK/AVAILABLE FOR WORK IN URBAN INDIA**

**Source:** Census 2001 and 2011, Compiled by Centre for Policy Research.

is almost entirely on women. Our data shows that in households where husbands have migrated outside for work, women spend 40 minutes more on paid work and 1 hour less on care work. Muslim women in Muzzaffarnagar (UP) and Kishanganj (Bihar) observed, 'Our husbands will not even pour a glass of water on their own. In addition, they add to our work burden by creating obstacles to our mobility outside the home'. Thus, the presence of men only adds to the domestic work burden of women and their absence actually makes life a little better for the women as they can spend more time in income generating work and are freed up from domestic work burden.

#### 4.4.4 Access to Drinking Water and Cooking Gas have a Positive Correlation

#### With Women's Ease of Unpaid Care and Domestic Work Responsibilities

Fourth, is the issue of drinking water and fuel wood collection. The most striking results are related to the impact of government policies on women's unpaid work burden. Our results show that in households with access to government drinking water scheme, compared to households which don't, women spend on average an hour more on paid work and 22 minutes less on care work a day. Similarly, in households with access to the Ujjwala programme (clean cooking fuel programme), women spend on average an hour more on paid work and 49 minutes less on care work. It is therefore clearly evident that government schemes on drinking water and cooking gas has a direct positive effect in

reducing women's unpaid work burden and improving their chances to undertake paid work.

However, the ground reality is somewhat different, indicating that there are serious flaws in the implementation of these schemes and the potential benefits are not being realized. While many rural households have access to the National Rural Drinking Water Programme (NRDWP) and the cooking gas scheme (Ujjwala), these schemes are difficult to access and most resort to fetching fuel wood or preparing dung cakes for cooking purposes. It is a time consuming activity and takes anything between 5 to 7 hours to fetch viable fuel wood from forests. It takes 15-20 days to prepare cow dung cakes and these are entirely female activities. In rural parts of Bihar and Jharkhand, we came across instances where the entire family went hungry for a day if the woman was unable to collect fuel wood for cooking. And this was a regular feature in many poorer households. In urban areas in Kishangunj, Bihar and Muzaffarnagar, UP they buy fuelwood from the market at INR 700 to INR 1000 per quintal. About 1-2 quintals are needed to last for a month. Some households have accessed the government scheme called Ujjwala but that is not free either. A refill costs anything between INR 800 to INR 1000 per cylinder which is an expensive proposition for such poor households in rural and urban areas as they need a minimum of 3 cylinders a month. In urban wards of Muzaffarnagar, UP, some women mentioned that they paid INR 1400 to INR 1600 just for filling forms to get a gas connection under the Ujjwala scheme. This is supposed to be free.

Among rural areas, some villages in Jharkhand mentioned that they spent INR 900 to INR 1000 securing the Ujjwala scheme and subsequently pay INR 880 for a refill. The cost of refill has recently gone up to INR 984. There is confusion about subsidy payment into bank accounts as many women said that they had not received the

subsidy. This could be because the subsidy was being paid into a different bank account than the one registered at the time of getting the gas connection, or because the women are not aware of subsidy payments altogether. Other villages in Jharkhand (Adivasi and Dalit), Bihar (Dalit) and Chattisgarh (Adivasi) mentioned that while they did not pay for securing the Ujjwala connection, they pay anything between INR 820 and INR 980 for a refill with no or erratic subsidy paid into their bank accounts. There are also villages and urban wards where the scheme is not available despite households having applied for it.

Because of the high cost, women and their families save the cooking gas and use it sparingly. They therefore continue with traditional methods of fetching fuel wood or preparing cow dung cakes at home which, as mentioned earlier, is a time consuming task. All women, with exposure to cooking gas, expressed that it was helpful in terms of saving time to have access to cooking gas scheme of the government but, because of the high cost, it was not a feasible alternative. On an average, with cooking gas, women save 1 to 1.5 hours of time in cooking than when they use traditional fuel wood or dung cake sources. Further, in flood prone wards of Kishangunj municipality, cooking gas allows women to remove the cooking source to higher grounds and continue to cook food for the family when the areas are flooded. Traditional earthen chulhas are washed away in the floods and have to be constructed all over again which takes time and is difficult in the midst of floods.

Our findings on cooking gas scheme corroborate with the findings from the study conducted by CRISIL (2016) which was commissioned by the Government of India. CRISIL studied one lakh people without gas connections across 120 districts in 13 states. The study found that of those surveyed, 86% said they had not shifted from biomass to the Ujjwala scheme because the price of installing a

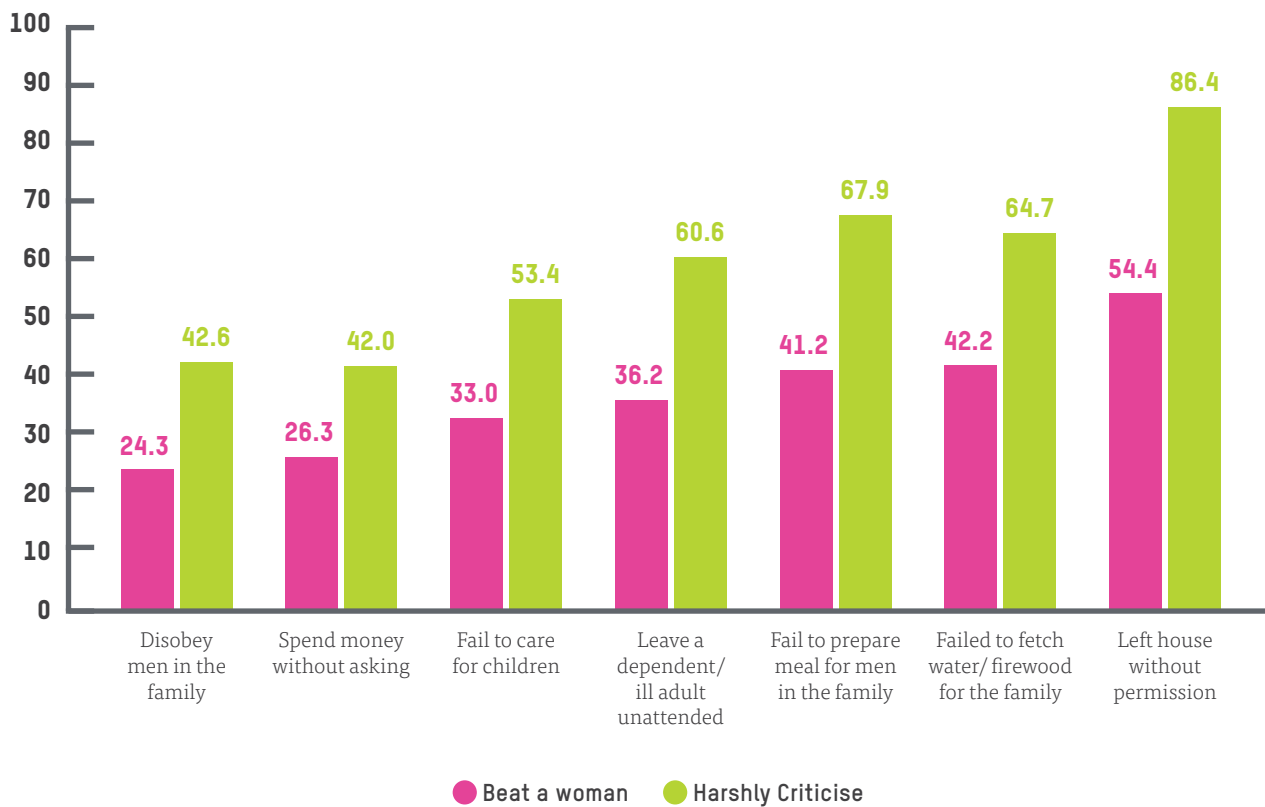
**OUR RESULTS SHOW THAT IN HOUSEHOLDS WITH ACCESS TO GOVERNMENT DRINKING WATER SCHEME, COMPARED TO HOUSEHOLDS WHICH DON'T, WOMEN SPEND ON AVERAGE AN HOUR MORE ON PAID WORK AND 22 MINUTES LESS ON CARE WORK A DAY. SIMILARLY, IN HOUSEHOLDS WITH ACCESS TO THE UJJWALA PROGRAMME (CLEAN COOKING FUEL PROGRAMME), WOMEN SPEND ON AVERAGE AN HOUR MORE ON PAID WORK AND 49 MINUTES LESS ON CARE WORK.**

connection was too high. The long waiting time to get a refill for an empty LPG cylinder was the second-highest reason for those wary of adopting cooking gas. Almost the same number—83%—said the price of refills was too high. Gram-panchayat level surveys found that in a fourth of the panchayats, users had to wait for more than 15 days on average to get a cylinder refilled (Sethi and Deep 2018).

Thus, the cooking gas connection is not working out to be a viable and sustainable financial alternative to traditional sources of fuel wood, especially for poor rural households and urban slum dwellers because the latter is obtained free of cost mostly.

#### **4.4.5 Negative Social Norms Mediate between Unpaid Care and Domestic Work Responsibilities and Gender-Based Violence**

Fifth, some findings are disheartening and worrisome. These relate to social norms and the relation between women's domestic unpaid work and gender-based violence. Our study found that in households where men and women express greater acceptability of beating women, women spend 42 minutes longer on paid work and care work as well as spend 48 minutes less on leisure activities. Across the four states, 53 percent of those surveyed said that it was acceptable to harshly criticize a woman if she failed to care well for the children and 33 percent felt it was acceptable even to beat a woman for the same reason. Similarly, 60 percent felt it was acceptable to harshly criticize a woman if she left a dependent or ill adult unattended and 36 percent felt it was acceptable to beat a woman for the same reason. 41 percent of those surveyed felt it was acceptable to beat a woman if she did not prepare a meal for the men in the family while 68 percent felt it was acceptable to criticize her harshly for not preparing a meal for the men

**FIGURE 4.3: SOCIAL NORMS, WOMEN'S UNPAID CARE WORK AND GENDER BASED VIOLENCE**

**Source:** Oxfam Primary Data Survey, 2018.

in the family. Forty-two percent felt a woman should be beaten if she failed to fetch water or fuel wood for her family and 65 percent felt she deserved to be criticized harshly for failing to do so. A whopping 54 percent of those surveyed felt it was okay to beat a woman if she left the house without asking and similarly 86 percent felt she should be criticized harshly for doing so. This puts severe restrictions on women's ability to go out and undertake paid work. Thus, women's ability to undertake paid work is not merely determined by economic considerations of high unpaid care burden—the relation between the two is overwhelmingly determined by social norms as well. It is understood that a woman's primary role is to take care of the house and her family and any income generating work is secondary to this role.

On the question of women's access to paid work, there is a deeper issue involved. Studies on female labour force participation and women's unpaid care work (specifically referring to Mehrotra and Sinha 2017 paper in the *EPW*) make a causal link between high domestic unpaid care work burden which ostensibly prevents women from undertaking paid labour. While this reasoning runs as an undercurrent, there are two realities that need to be factored in. One, the reasoning by Mehrotra and Sinha (2017) assumes that there is enough paid labour available for women to undertake. In reality, this is not the situation (See also Sanghi et al. 2015). In village after village and ward after ward in urban centres, it was evident that there was no income generating work that

matched the skills of the women. While the women have the will to do income generating work, they are unable to find productive work to be engaged in. This was especially the situation in localities where the young girls have received higher education. Due to a lack of job opportunities, these highly educated young girls are sitting at home, helping their mothers with domestic responsibilities. Swaminathan (2013) argues that the rates of literacy of female non-workers were higher than the rates of literacy for females in the population in general. It is worrying to note that education and employment are moving in opposite directions for women.

Second, women who engage in paid work and unpaid care work, are willing to sleep less, rest less and work harder to balance both kinds of work. So, in reality, however difficult the burden of unpaid care work may be in a poor woman's life, she is willing to compromise on her well-being to undertake paid work. While high levels of unpaid care and domestic work determine the nature and kind of work women can take up and often ends up being discriminatory, women especially poor women are willing to trade their well-being for income generating work. Census data suggests that 31 percent of stay-at-home women would opt to take up paid work if such jobs were available (Satyam and Pickup 2018). It is true that this will have long term adverse effect on a woman's physical and emotional well-being but women are not deterred by their unpaid care work responsibilities to undertake paid work.

#### **4.4.6 High Unpaid Care and Domestic Work Responsibility Prompts Women to Demand Home-based Work but Such Work is Exploitative**

A corollary to this, is the fact that women-friendly income generating work would be home-based

activities such as pickle-making, papad-making, soap-making, chatai-making, tailoring, etc. Women we interviewed, across the board were of the opinion that this kind of work would play the dual role of giving women some leisure time as well as allowing women to earn some income sitting from home (see also Zaidi and Chigateri 2017). There was tremendous demand and interest in this kind of work for which they require technical training and expertise and some also require financial support. But a lot of women were wary of loans as the pressure of repayment is high. They would pool in their savings and start such entrepreneurial work but it would help them to be trained in this kind of work.

There is a downside to women's home-based work as often such kind of work is exploitative, underpaid and undervalued. Capitalist economies have capitalized on this form of economic production as they find it to be a stable and profitable mode of production, reducing their cost of overheads of maintaining a factory and paying salaries. It allows them to be exempted from strict implementation of labour laws as well (Sudarshan and Sinha 2011, UNIFEM 2000). The flip side of this situation is that social norms dictate that women undertake this kind of work. Because of severe restrictions on mobility outside the home for women and the high burden of unpaid work on women, the lack of child minding services, low levels of education and formal training for organized sector work, women prefer home-based work as a mode of income generation (Sudarshan and Sinha 2011). Industries have capitalized on this limitation of women, to create a class of flexible and invisible work force that is contractual in nature (Ibid.). Further, several studies suggest that there is an inverse relation between undertaking home-based work and the level and access to schooling, and skills training, (Ibid. See also Mehrotra and

Biggeri 2007, Sudarshan 2002). While this kind of work allows income generation to a lot of women who would otherwise find it difficult to seek paid work, it is not transformative in nature. Moreover, it fundamentally doesn't challenge but actually reinforces social norms around gendered roles and mobility.

Home-based workers face a host of vulnerabilities ranging from poor working conditions to health issues to financial and sexual abuse and others.

In Kishangunj, we found Ayesha who makes bidis as a means of income generation for the family. She has her priorities in place—she has to educate her five siblings. She lives with her stepmother and father, who is a sharecropper. Her younger brother works at construction sites in Kashmir, and an older sister who is married. Having only studied till Class 11 and dropping out to take care of her family, 21-year-old Ayesha is adamant that her siblings go to school and complete their education. She is also adamant that her younger sisters do not have to spend time in household chores.

With very little help from her stepmother, Ayesha cleans, cooks, and helps them with their studies. To chip in with the money she rolls bidis. She gets a measly INR 100 for 1000 bidis. The agent refuses to pay more and with a lot of young girls and women willing to do this work, Ayesha and others like her have no negotiating power. Though the smell of tobacco gives her a headache, she knows that this money is important. Nearly 150 women and girls in Ayesha's ward are involved in bidi-making. Despite the health hazard this is convenient, as the work doesn't require the women and girls to leave their homes, something that they are most certain that they wouldn't get permission for. Ayesha rolls about 2000 bidis a week and makes INR 200. Though this is erratic income—with no work for nearly 10-15 days a

month—this is better than earning nothing, she says. This extra income helps poor families buy milk and vegetables or provide for expenses related to school.

## 4.5 THE TRAGEDY OF BEING A POOR INDIAN WOMAN

We conclude by summarizing the main findings from the primary field study. First, there is a strong correlation between access to drinking water and cooking gas and easing women's burden of unpaid care and domestic work. However, as witnessed from our study, there are many operational issues which prevent poor families from accessing these schemes on a regular basis and replacing traditional sources of fetching drinking water and fuel wood. Jacob (2018) highlights issues about high cost of refilling, bottling and distribution issues as some of the hurdles. Second, there has been nuclearization of households even in rural areas. Not only is there gendered division of labour, there is age-wise division of labour as well whereby women cannot seek help from other women in the household to help with domestic unpaid care and domestic work. This puts pressure on women and increases their unpaid work burden. Third, because of high unpaid work burden, women prefer home-based income-generating work to work outside. This is also because there is limited scope for income-generating work for women in the market but as we have discussed, home-based work is exploitative and underpaid and thrives on inherent gender inequality arising from women's overwhelming unpaid care and non-care work burden and poor educational attainments. Finally, there is the long term issue of social norms. Negative social norms place undue pressure on women and adolescent girls to perform domestic unpaid work. This is so high that the positive effects of the success of RTE

Act, which has seen many more girls in school, are offset by the time poverty and excessive work burden that adolescent girls have to face. Pursuance of education and a career by a girl are still seen as secondary to her duties at home.

## 4.6 RECOMMENDATIONS

Oxfam India recommends the following actions:

- Revise definitions of ‘work’ by NSSO and recognize domestic work as economic activity since it involves time, energy and labour. Adopt and implement ICLS 2013 definition of work.
- Provide strategic and effective (quality) infrastructure facilities such as crèches at the community level for home-based workers and at construction sites for MNREGA workers; potable drinking water close to home, affordable cooking gas for poor and ultra-poor families.
- Recognize and improve working conditions of women’s traditional worksites such as home-based work with adoption of piece rate minimum wages and other conditions of work.
- Develop a policy framework that recognizes care as a universal right guaranteed by the State through an effective social protection system and invest in the care economy.
- Promote positive social norms by extending parental leave and flexible work schedules to

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both mothers and fathers, thereby encouraging redistribution of unpaid care and domestic work burden.

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# A THANKLESS JOB

## WOMEN BOUND BY DOMESTIC CHORES AND REGRESSIVE SOCIAL NORMS ARE DROPPING FROM THE LABOUR FORCE.

When water from the Mahananda River began flooding the houses in Kishanganj's ward number six in August 2017, Firoza Khatun recalls carrying three things with her to the mosque—clothes bundled up in a mattress, stove, and her cow. Mattress, so that her three children would be able to sleep, the stove so that she can cook and feed her children, and the cow was her only livestock.

Firoza's husband works in a garment factory in Delhi and was away during the floods. She along with her father-in-law waded through waist-deep water clutching on to the cow's tether and guiding her to a safe place. The mosque was converted into a shelter camp. She stayed in the camp for a few days and returned when the water began to recede.

Once at home, she was back to the daily grind with the added responsibility of cleaning up the house. With the husband away and the in-laws living separately, 25-year-old Firoza was left to do the cleaning on her own. Leaving the children with her in-laws for a few hours, she would go about bleaching the house, washing all the clothes and utensils, scrubbing the walls and the floors, cleaning the cow shed and drying the firewood. In addition, since the tube wells had submerged and was unfit for drinking, she had to go to collect water from the mosque as well, which was a half an hour walk from her place.

She did this at least twice daily. All this was in addition to her daily household chore that began at 4 am—five times a day namaz, cooking three meals, sending her children to school, feeding the cattle twice a day (now she has a cow, a calf and a goat), and cleaning the dishes.

The hectic schedule meant that she wasn't left with any time for her tailoring work. She stitched blouses and petticoats for her neighbours. She earned anything between INR 20 and INR 50 a day. During the non-flooding season (for want of a better word), she spent a couple of hours, at the end of her day's work, tailoring. This was a small but vital daily income, this was good enough for her to buy some greens and vegetables to feed her children.

She wishes she could earn more from tailoring but she simply can't. as all her time goes into domestic chores. Her husband earns about INR 10000 and sends some home. Though he has been supportive of his wife, especially in parting ways from the in-laws who ill-treated Firoza and ensuring that she completed her intermediate examination (she was married at 13), he insists that she doesn't miss any of her daily prayers, even if this is at the cost of some additional income. Almost two and a half hours a day are spent in offering the namaz.



Not far from where Firoza's village lives 22-year old Moeena Khatun. Moeena was married into an orthodox Shershahbadi Muslim family two years ago. Her husband is a farmer and is madrasa-schooled, while she completed her intermediate. As a teenager, she worked closely with Oxfam India on a health project in Bihar. She was at the fore of ensuring food supply through the public distribution scheme, getting a toilet built at the anganwadi, and advocating ending child marriage in her village.

Given her track record, she was offered the job of an anganwadi sevika. 'I did not get the permission because they objected to me leaving the house to work and earn money,' says Moeena. In fact, they were so opposed to her idea of going out that she hasn't been able to go to the anganwadi to get Take Home Ration for her infant son. However, their objection to Moeena's leaving home to work or otherwise seems quite frivolous and superficial, especially in the light of the fact that during the August floods in 2017, when she was heavily pregnant she was expected to clean up the house (which had been under five feet of water) on her own, and go to the field to collect soil for re-laying the floor, all by herself. The bleaching of the house; scrubbing floors, walls, and utensils, and drying the firewood were added to her usual list of daily prayers, cooking and cleaning.

Firoza and Moeena are a clear case that social norms and domestic chores—and not lack of income generating opportunity—restrict women from taking paid work. There is thus a need for a paradigm shift in social norms and well-planned fiscal policies to ensure that women are able to pull themselves out of the drudgery of household chores and explore income-generating opportunities or simply pursue their interest.



# 5. LABOUR LAW REFORMS IN INDIA

**A NEW SOCIAL CONTRACT?**

**BY VAIBHAV RAAJ**





# EVOLUTION OF LABOUR LAWS

## POLITICAL ECONOMIC CONTEXT

## NATURE OF REGULATION BY THE STATE

## KEY LAWS AND POLICIES

### COLONIAL RULE



1859–  
1925

- Low levels of industrialization
- Rise of labour movement

- Non-interventionist with few laws
- Labour disputes law and order problem and internal matter of firms

- The Workmen's Breach of Contract Act, 1859
- The Employees and Workmen (Disputes) Act, 1860
- The Indian Penal Code, 1860

1926–  
1933

- Frequent general strikes in Bombay
- Increasing Communist role

- Mild interventionist
- Legalization and protection (with regulation) of unions

- Trade Unions Act, 1926
- Trade Disputes Act, 1929
- Public Safety Bill, 1928
- Workmen's Compensation Act, 1923
- Indian Mines Act, 1923
- Maternity Benefit Law in Bombay, 1929
- Factory (Amendment) Acts

1934–  
1947

- Acute industrial unrest in Bombay
- Priority of maintenance of industrial peace
- Formation of INTUC by Congress
- Second World War

- High State Intervention
- Violent repression by state
- Checking Communist intervention
- Politics of patronage with compulsory conciliation

- Factory Act, 1934
- Payment of Wages Act, 1936
- Trade Disputes Act, 1934
- Workmen's Compensation Act
- Bombay Trade Disputes Act, 1934 & 1938
- During the second World War:
  - Defence of India Rules
  - National Service Labour Tribunal Ordinance
  - Essential Service Maintenance Ordinance
- Bombay Industrial Relations Act, 1946
- Industrial Disputes Act, 1947
- Industrial Employment (Standing Orders) Act, 1946



### INDEPENDENCE

# INDUSTRIAL RELATIONS IN INDIA: 1859 TO PRESENT

## POLITICAL ECONOMIC CONTEXT

## NATURE OF REGULATION BY THE STATE

## KEY LAWS AND POLICIES

### LOGIC OF INDUSTRIAL PEACE



1947 –  
1960

- Rising industrial conflicts and Communist actions
- Objectives of uninterrupted production and 'industrial harmony'
- Imperatives of planned economy – social partnership between workers, employers and government

- Industrial Relations System (IRS) dictated by a federal-pluralist-democratic model of polity
- Consultative tripartite institutions both at micro and macro levels
- 'paternalist'/'welfarist'/'labourist' state's legislative interventions in traditional domains of collective bargaining

- Trade Unions (Amendment) Act, 1947
- Codes of Discipline, Efficiency and Welfare
- Administrative Rules for government employees
- Pay Commissions

1960 –  
1975

- Conflicts with neighbouring countries
- Strike by government employees over 2nd Pay Commission
- Rise of regional parties in some states; split in Communist and Congress parties; competitive interventions by political parties in trade unions
- Militant labour movement with 3 key demands – bonus, full neutralization of the cost of living index and need-based minimum wages
- Railway Strike of 1974

- Initial class compromise influenced by patriotism
- Violent repression by state
- Government's refusal to honour decisions of the 15th ILC on 'need-based minimum wages'
- Government take-over of sick mills and nationalization of commercial banks in 1969
- Judiciary disciplining the workers
- Creation of Central Industrial Security Force

- Emergency Services Maintenance Ordinance
- First National Commission on Labour Report 1969
- Contract Labour (Regulation and Abolition) Act, 1970
- Maintenance of Internal Security Act
- The National Emergency imposed in June 1975



# EVOLUTION OF LABOUR LAWS

1975–  
1977

## POLITICAL ECONOMIC CONTEXT

- Weakening of pluralist elements in the IRS
- Employer-excesses, particularly lockouts and retrenchments, in connivance with the pro-Emergency unions
- No improvement in industrial performance

## NATURE OF REGULATION BY THE STATE

- Strikes ineffective

## KEY LAWS AND POLICIES

- ID (Amendment) Act, 1976

1977–  
1980

- United opposition by unions to legislative reform proposals
- Escalation of industrial conflict
- Militant INTUC and intense inter-union rivalry

- Legislative attempts to sustain some Emergency powers of the government to ban strikes by classifying industries as 'essential services'

- No key legislations or policy

## LOGIC OF COMPETITIVENESS OF FIRMS AND ECONOMY



1980–  
1985

- Increased lockouts and layoffs
- Militant working class actions rise
- Disruptive role of INTUC-affiliated RMMS in Bombay Mill strikes of 1981

- Hard stance against unions with simultaneous powerful legal protection of jobs
- Curtailment of managerial freedom in labour market through Chapter V-B of the ID Act and Contract Labour Act
- Use of emergency powers to maintain industrial peace
- Labour militancy cited as one of the reasons for seeking massive IMF loan

- Defence of India Rules
- Emergency Services Maintenance Act
- National Security Act
- Trade Union (Amendment) Bill
- ID (Amendment) Act, 1982
- Hospitals and other institutions (Settlement of Disputes) Bill



# EVOLUTION OF LABOUR LAWS IN INDIA: 1859 TO PRESENT

1985 –  
1990

## POLITICAL ECONOMIC CONTEXT

- Lockouts, retrenchment, closure and lay-offs rampant after failure of the Bombay Mills strike
- Joint action by all trade unions

## NATURE OF REGULATION BY THE STATE

- State retained power to refer to compulsory adjudication
- Restrictions increased on strikes
- Continued legislative attempts to curb union power

## KEY LAWS AND POLICIES

- Hospitals and Other Institutions Bill, 1988
- Trade unions and Industrial Disputes (Amendment) Bill, 1988

1991 –  
PRESENT

- Trade liberalization, international competition, privatization and stabilization policies (relying on wage restraint)
- Weakened unionized sectors and declining labour militancy
- From class-conflict to cooperation in order to survive competition

- State withdrawing from IRS
- Declining pro-worker stance of judicial interventions
- Decentralization of labour reforms to the state level
- Violent suppression of workers' actions
- Dual position of the state – retain interventionist stance in formal terrain and allow 'reforms by stealth'
- Labour disciplining through the market

- Second National Commission on Labour Report 2002
- National Commission on Enterprises in the Unorganized Sectors Reports 2007
- Unorganized Workers' Social Security Act, 2008
- Maternity Benefit (Amendment) Act, 2017
- Child Labour (Prohibition and Regulation) Amendment Act, 2016
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- 4 Draft Labour Codes 2015-18
- State-level changes in labour laws

**Source:** The above analysis is based on (Sundar, 2005) and (Mitchell, Mahy, & Gahan, 2014)

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# LABOUR LAW REFORMS IN INDIA: A NEW SOCIAL CONTRACT?

## 5.1 ARE INDIANS GETTING EMPLOYED?

In January 2018, the Prime Minister of India asserted: 'If someone opens a "pakoda" shop in front of your office, does that not count as employment? The person's daily earning of INR 200 will never come into any books or accounts. The truth is massive people are being employed.' (DNA Web Team 2018) In other words, informal self-employment must be counted as 'respectable' employment generated by the economy.

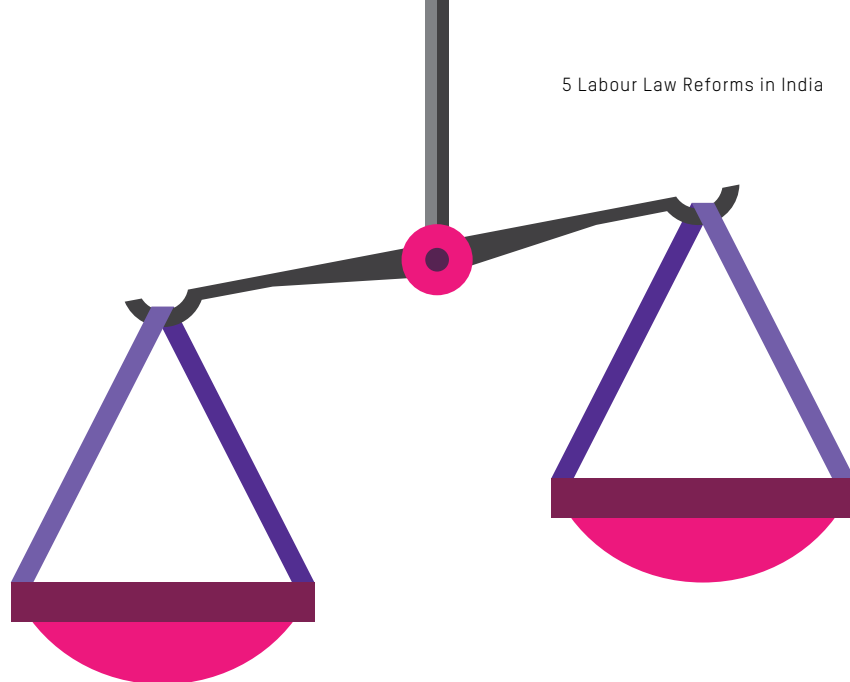
In effect, this assertion can be read as a statement of the government's policy approach to labour in the following manner. Informality, particularly with regard to job and income security, is not necessarily undesirable. Underemployment in the form of self-employment is acceptable if promoted as entrepreneurship.<sup>1</sup> The traditional methods of estimating employment-generation

are redundant for they fail to account for such entrepreneurial self-employment (See Huffpost Newsroom 2018, Chaturvedi and Venu 2019 and Abraham 2017). Income that borders on the international poverty line of USD 1.90 (INR 121.37<sup>2</sup>) is also acceptable. And by implication, people can create their own employment if left to the market. The government has only a supportive role.

While this new approach must be welcomed insofar it attempts to recognize informal employment in the purview of government policy. However, concerns remain regarding the quality of employment and the government's role in improving their conditions. The Niti Aayog itself has voiced some of these concerns about 'severe under-employment' (PTI 2017). It also remains to be seen how unprotected informal employment can contribute to meet the objectives of the 'decent work agenda' (International Labour Organization 2013) embedded in the Sustainable

<sup>1</sup> In the same instance, the Prime Minister referred to the Mudra Yojna as having empowered 10 crore small entrepreneurs. Here, it would be instructive to note that approximately 90 percent of the loans under the Mudra scheme have been of an amount lower than INR 50,000 – unlikely to enable sustainability of livelihood. See (Sappal 2018)

<sup>2</sup> As per USD-INR exchange rate of 1 USD=INR 63.88 prevailing on 22 January 2018.



Development Goal 8 (targets 8.5<sup>3</sup> and 8.8<sup>4</sup>) of the United Nations (United Nations) and the Global Jobs Pact (International Labour Organization 2009) of the International Labour Organization.

## 5.2 THE STATE OF REGULATION FOR INFORMAL WORK

The pakoda-sellers of India belong to the policy category of street vendors. They also largely belong to another key administrative category used for affirmative action measures – the Other Backward Classes (OBCs) (Bhowmik & Saha 2012). It was over a course of more than 2 decades of organizing and struggles by the street vendors that the government adopted a National Policy for them in 2004 which took another decade to be legislated into the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014. The Act provided for recognition and representation of the rights of the street vendors

through Town Vending Committees constituted by urban local bodies under the direction of the state and central governments. The Act has the potential to remarkably improve the conditions of work for the street vendors in Indian cities. The implementation of the Act however, has failed to meet the expectations of the street vendors according to various reports (See Zafar 2016 and Rai and Mohan 2017). As in society in general, within this category of vulnerable workers, women face the worst brunt of the ineffective implementation of this law (Chakraborty 2018). Women street vendors in Imphal's unique all-women markets were agitating close to the eve of this New Year, demanding the implementation of the Act. In this state of affairs, it has been found that the state of Gujarat has demonstrated least compliance with the Act (John & Sharma 2018). A first step towards improving the conditions of informal work and making it lucrative for the youth could be to implement laws such as the Street Vendors Act.

<sup>3</sup> Target 8.5 of SDG 8 – 'By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.'

<sup>4</sup> Target 8.8 of SDG 8 – 'Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.'

Further, the Second National Commission on Labour (SNCL), 2002 among other things, cited the 'lack of government support' as a signifier of the unorganized nature and subsequent vulnerability of informal workers (Ministry of Labour and Employment, 2002). This support was envisaged by the Commission as an umbrella legislation for providing minimum social security to unorganized workers. Much like in the case of the street vendors' law, it took decades of struggles to eventually have the government enact the Unorganized Workers Social Security Act (UWSSA) in 2008. Contrary to the original recommendations of the National Commission on Enterprises in the Unorganized Sector (NCEUS), the UWSSA did not address the need for regulating the conditions of work and focused on very general directions for providing social security. In reality, the UWSSA failed to set a national minimum standard of social security with clearly articulated components to be delivered universally in set timeframe (Srivastava 2013). With a decade having gone by since its enactment, the law remains largely unimplemented by successive governments. As a result, informal workers not only suffer poor conditions of work, but also lack access to comprehensive social security.

### 5.3 WHAT ARE LABOUR MARKET INEQUALITIES?

While the other chapters of this report delve into specific aspects of inequality in labour market outcomes for various categories of workers, the present chapter would focus on underscoring that structural inequalities rooted in caste, gender and

religion make imperative the redressal of such inequalities through labour market regulation.

In August 2007, the findings of the NCEUS about the dismal conditions of life and work in the unorganized sector made global headlines. The Commission found that almost 8 out of every 10 Indians lived on less than INR 20 a day. (Reuters 2007) Further, the report estimated that nearly 9 out of every 10 persons of Scheduled Castes (SCs) and Schedule Tribes (STs), 8 out of every 10 OBCs (except Muslims), more than 8 out of every 10 Muslims (except SCs and STs) and more than 5 out of every 10 other persons (excluding SCs/STs, OBCs and Muslims), belonged to the 'poor and vulnerable' in India in 2004-05 (NCEUS 2007). This poor and vulnerable category was a sum total of the 'extremely poor and poor' and 'marginal and vulnerable' categories – overall living on less than USD 2 (at PPP terms) per day in 2004-05. That this poverty and vulnerability has a social character is amply clear from the NCEUS data where the dalits, adivasis, OBCs and Muslims are 25 to 30 percent more likely to be poor and vulnerable than other social classes. Of the total population in this category, nearly 79 percent could be classified as unorganized workers. In the years since the NCEUS findings of 2004-05, latest available data shows that the disparity in incomes for most social groups and women has either increased or remained stagnant. (International Labour Organization 2018)<sup>5</sup>

That modern Indian economy in fact uses this inequality to suppress labour costs and regulate entry into the labour market is evidenced in many studies.

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<sup>5</sup> See the India Wage Report 2018 of the ILO, p. 42. Except for the male OBC workers, all other categories of male and female, regular and casual workers, continue to earn lesser than the general category male workers between 2004-05 and 2011-12.



Dasgupta argues:

**LABOUR CHEAPENING WAS ACHIEVED THROUGH FOUR INTER-CONNECTED MEANS: USE OF LABOUR HIERARCHY AND DISCRIMINATION BASED ON CLASS, CASTE, GENDER AND RELIGION, WAGE DEPRESSION, USE OF UNPAID LABOUR (PREDOMINANTLY OF WOMEN BUT ALSO OF MEN BOTH IN PRODUCTION AND IN REPRODUCTION) AND THE PERPETUATION OF SEMI-FEUDAL LABOUR REGIMES UNDERGIRDDED BY INSTITUTIONALIZED PATRIARCHY AND THE LABOUR SURPLUS INHERITED AS COLONIAL LEGACY**

**(GUPTA 2016).**

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The evidence of such social discrimination is found in Siddique where she demonstrates through a social experiment that the so-called low-caste applicants have to make considerably more efforts to secure jobs in the private sector compared to the so-called high-caste applicants (Siddique 2011). The India Inequality Report of 2018 also argued that historically marginalized categories of dalits, adivasis and Muslims are

This is supported by Harris-White and Gooptu:

**'WORK IS ORGANIZED THROUGH SOCIAL INSTITUTIONS SUCH AS CASTE AND GENDER. CAPITALISM IS NOT DISSOLVING THIS MATRIX OF SOCIAL INSTITUTIONS BUT RECONFIGURING THEM SLOWLY, UNEVENLY AND IN A GREAT DIVERSITY OF WAYS. THE MATRIX STILL AFFECTS THE TASKS MOST PEOPLE DO, THE KINDS, TERMS AND CONDITIONS OF THE CONTRACTS THEY ARE OFFERED AND EITHER SETTLE FOR OR REFUSE**

**(HARRISS-WHITE & GOOPTU 2001).**

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disadvantaged in accessing wealth and basic services (Himanshu 2018).

This feature of the Indian labour market necessitates wide-ranging regulatory reforms to address unequal outcomes for various social groups across both the organized and unorganized sectors.

## 5.4 THE CASE FOR LABOUR LAW REFORMS

As with the Street Vendors Act and UWSSA, most laws attempting to regulate the working conditions of unorganized workers in India have been found wanting for sincere implementation by successive governments. For instance, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 is often referred to as a model legislation to provide relief to unorganized workers. Based on the 1969 Mathadi Act of Maharashtra, this Act aims to provide tripartite resolutions to issues of conditions of work and social security to the construction workers. The state governments concerned showed limited implementation of this Act largely despite a 12-year long monitoring process by the Supreme Court of India. The status remains that only about 37 percent of the total estimated number of construction workers in India have been registered under the Act. Further, an overwhelming share of the cess collected for their welfare remains unspent where the Supreme Court has had to again step in to direct the government to develop an Action Plan, Model Welfare Scheme and Social Audit Framework in 2018.<sup>6</sup>

As the unorganized workers struggle to seek relief under such specialized laws, they have been consistently falling out of the protective realm of the fundamental labour regulations. The share of unorganized employment in the organized sector rose from 37.82 percent in 1999-2000 to 57.83 percent in 2009-10.<sup>7</sup> An important finding by Papola and Pais show that

even out of the limited definitional coverage of the standard labour regulations, the actual share of workers covered has been much lower in 1999-2000 (Papola & Pais 2007). For instance, the Minimum Wages Act is supposed to cover 38.1 percent of the total workforce but actually covered only 3.6 percent in 1999-2000. Other laws covered even lesser proportion of workers – Industrial Disputes Act at 2.6 percent, Industrial Employment (Standing Order) Act at 1.3 percent, Shops and Establishments Act at 1.7 percent and Workmen's Compensation Act at 0.7 percent. That these realities may have only changed adversely for workers since the 1999-2000 is evident in, among other facts, the consistent push of the government and judiciary to restrict the purview of labour regulation (Madhav 2016). (See Table 5.1)

Thus, in effect labour regulation in India has been focused largely on a miniscule proportion of the total workforce – that is the organized sector. As pointed out in the figure at the beginning of this chapter, from an interventionist position, the state has shifted its stance to a dual position whereby while posing as an arbitrator of industrial relations, it allows flexibilization of the labour market 'by stealth' (Sundar 2005). A review of jurisprudence on labour in the period of 1990 to 2010 reveals that the courts have actively sided with employers to impose the laissez-faire philosophy on the Indian labour market (Madhav 2016).

<sup>6</sup> Based on the National Campaign Committee for Construction Labour petition dated 21 January 2019.

<sup>7</sup> Calculations based on NSSO data by the Right to Social Security Campaign.

TABLE 5.1 DILUTION OF LABOUR RIGHTS IN JURISPRUDENCE OF THE SUPREME COURT

RIGHTS' ISSUE	PRO-WORKER JURISPRUDENCE/	ANTI-WORKER JURISPRUDENCE	IMPACT ON LABOUR RIGHTS
PROMOTION OF CONTRACTUALIZATION AND PREVENTION OF REGULARIZATION	<p><b>1960</b></p> <p><b>Standard Vacuum Refinery Company vs Their Workmen</b></p> <p>Contract labour should not be employed where work is perennial on a day-to-day basis, incidental and necessary, sufficient to employ a considerable number of full-time workmen, done in most concerns by regular workmen.</p>	<p><b>2001</b></p> <p><b>Steel Authority of India Ltd. &amp; Ors. Etc. vs National Union Water Front Workers &amp; Ors.</b></p> <p>Contract workers are NOT entitled to automatic absorption on abolition of contract. They have no guarantee of employment even on abolition of the contract system in a particular job or concern.</p>	<ul style="list-style-type: none"> <li>• Consolidated the position of contract workers as unequal to regular workers.</li> <li>• Eliminated incentive for contract workers to challenge the contract system in their jobs as they have no guarantee of retaining the jobs even if the system is abolished.</li> <li>• Proscribed regularization of employment for daily/temporary workers.</li> <li>• Promoted use of contract workers by employers.</li> </ul>
	<p><b>1996</b></p> <p><b>Air India Statutory Corporation vs United Labour Union &amp; Ors</b></p> <p>Contract labour should be absorbed by the principal employer on abolition of their contract.</p>	<p><b>2006</b></p> <p><b>Secretary, State of Karnataka and others vs Umadevi and others</b></p> <p>Daily/temporary workers are NOT entitled to regularization as they have not been recruited in accordance with due procedure and rules.</p>	
	<p><b>2005</b></p> <p><b>General Manager, Haryana Roadways vs Rudhan Singh</b></p> <p>Back wages should be decided with due consideration of the number of years of service.</p>	<p><b>2005</b></p> <p><b>Allahabad Jal Sansthan vs Daya Shankar Rai &amp; Anr</b></p> <p>Workmen denied back wages for not having worked after unfair termination.</p>	
		<p><b>2006</b></p> <p><b>Manager (Now Regional Director) Reserve Bank of India vs Gopinath Sharma &amp; Anr.</b></p> <p>Suspended or dismissed workmen cannot claim back wages on the principle of 'no work, no pay'.</p>	
DENIAL OF BACK WAGES IN CASES OF UNFAIR SUSPENSION OR TERMINATION			<ul style="list-style-type: none"> <li>• Double penalty for unfairly suspended or terminated workers.</li> <li>• Employers encouraged to indulge in such unfair practices without the deterrent of owing back wages.</li> <li>• Workers lose incentive to challenge illegal termination or suspension.</li> </ul>

RIGHTS' ISSUE	PRO-WORKER JURISPRUDENCE/	ANTI-WORKER JURISPRUDENCE	IMPACT ON LABOUR RIGHTS
REDEFINITIONS OF 'INDUSTRY' – SHRINKING PURVIEW OF LABOUR RIGHTS	<b>1978</b>	<b>2005</b>	
	<p><b>Bangalore Water-Supply &amp; Sewerage Board, Etc. vs R. Rajappa &amp; Others</b></p> <p>Provided the widest possible definition of 'industry' to include most types of production and distribution of goods and services carried out through an employer-employee relationship.</p>	<p><b>State Of U.P. vs Jai Bir Singh</b></p> <p>Recommended a larger bench re-examine the wide scope of the definition to bring in reasonable limitations as not every organization as described in the Bangalore Water Supply Case can be categorized as 'industry' as held by some other subsequent judgments of the court.</p>	<ul style="list-style-type: none"> <li>The Court upheld the commonly held logic that expansive coverage of labour laws protecting rights of workers disincentivizes private enterprises and hence indirectly adversely impacts private employment generation.</li> </ul>
CURBING FREEDOM OF ASSOCIATION AND COLLECTIVE ACTION	<b>1947</b>	<b>2003</b>	
	<p><b>Industrial Disputes Act</b></p> <p>Workers can notify and conduct a strike as per due process prescribed by the Government in Accordance with the IDA 1947.</p>	<p><b>T.K. Rangarajan vs Government of Tamil Nadu &amp; Others</b></p> <p>Government employees have no fundamental right, no legal/statutory right and no moral justification to go on strike. On an earlier occasion the Court had designated bandhs and general strikes as illegal and violative of the Indian Constitution.</p>	<ul style="list-style-type: none"> <li>Being denied legal avenues for collective action like strikes, trade unions have lost major bargaining power vis-à-vis the industry where the latter is increasingly allowed flexibility to unilaterally reorganize their workforce and use retrenchments as punitive action against those who organize.</li> </ul>

**Source:** The above analysis is based on (Madhav 2016) with modifications by the author.

**References:** Madhav, R. 2016. 'Transforming Labour Jurisprudence: Evidence from Judicial Trends (1990-2010)'. In Dynamics of Globalization and Industrial Relations in India: Essays in memory of Prof. C. S. Venkata Ratnam, edited by K. R. Sundar. New Delhi: Daanish Books, pp. 337-354.

Despite the facts of low coverage and increasing challenges to secure pro-worker judgments, there has been intense clamour over the need for greater labour market flexibility through legislative reforms. The labour laws in India have been credited (and accused) of being protective of the rights of workers to a fault.<sup>8</sup> On the one hand it has been argued that labour laws in India reflect a highly paternalistic attitude of the state towards labour, hampering economic growth and in turn, jeopardizing employment-generation and well-being of the workers themselves. To substantiate this claim, econometric studies have been conducted to demonstrate strong inverse relationship between the degree of labour regulation and macroeconomic outcomes for labour well-being (See Ahsan & Pages 2009). On the other hand, such evidence is strongly refuted on methodological grounds arguing that the linkages between labour regulation and indices of poverty alleviation, employment-generation, etc. are at best weakly established.<sup>9</sup> On the contrary, evidence from multi-country studies have been cited to illustrate that countries with strong labour regulation witness similar if not better labour market outcomes.<sup>10</sup>

While an in-depth examination of the labour law reforms debate is beyond the purview of this chapter, a compelling case for labour law reforms

can be made on at least two grounds. One, that the existing laws need to improve their protective coverage and implementation to guarantee decent work to all categories of workers, especially those not in formal employment and those facing social discrimination. And two, that the labour regulatory framework needs to adapt to the new realities of a globalized economy to improve competitiveness of Indian enterprises while protecting the rights of workers. In this chapter, we focus on delineating the contemporary policy approach in light of the foregoing discussion on inequality in the labour market.

## 5.5 DOMINANT GLOBAL TENDENCIES IN LABOUR POLICY

A rapidly growing globalized Indian economy is also seeking alignment with globally dominant policy trends when it comes to labour regulation. Even as contemporary policy approach remains in a phase of transition, it would be instructive to identify at least one key model of labour regulation that has moved in tandem with liberalization of global trade. Leading developed economies such as The Netherlands have devised a model of coupling a flexible labour market with

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8 Kaushik Basu (2005: 7) argues: 'I am claiming that such legislation may have hurt the very constituency that it was meant to protect, to wit, labor.' He goes on to say, that: 'in most employment-related disputes, government gets involved and treats the handling of labor as a child custody problem in a divorce suit. Finally, as mentioned above, the judiciary often takes a custodial attitude to labor.'

9 See Bhattacharjea (2006) for a methodological critique of econometric analyses arguing adverse impact of labour regulations on macroeconomic variables (Bhattacharjea 2006). Also, Badigannavar and Kelly (2012) point out that many of these studies have actually not tested these intervening variable(s), that is, the impact of law at the workplace level – low compliance, employer militancy post-liberalization, litigious employers, pro-employer judicial interpretation of laws, inter-state competition to attract foreign capital and coalition governments have demonstrable adverse impact of the advantages that a central trade union like INTUC may have held over a dominant political party like Congress earlier, and the dilution of labour laws without strengthening of the welfare state.

10 Sharma (2006): 'A recent ILO study, based on data collected from 162 countries, concludes that stronger trade union rights do not generally hinder trade competitiveness, including trade of labour-intensive goods, and indeed countries with stronger trade union rights tend to do comparatively well'.

a minimum social protection framework. This two-pronged approach found a deep resonance in the broad policy directions of the SNCL in India as well. Most recently, this approach has been emphasized upon by one of the most influential global institutions, in the World Development Report 2019 (WDR).

In its part, India has dramatically improved its ranking in the World Bank's Doing Business Reports from 142 to 77 in the last 4 years. Reports in the media have attributed this change to the central government's textbook approach to quick-fix changes in the regulatory framework for businesses to best suit the Bank's parameters (See Deshmene 2018 and Sethi & Waghmare 2018). India has shown improvements on 6 out of 10 indicators of the Doing Business Index (World Bank Group n.d.a). The next frontier of reforms in the ease of doing business framework remains reforming labour market regulation (although it does not directly contribute to the ranking scores). The agenda for these reforms indicated by the World Bank includes 'change in the maximum duration of fixed-term contracts, regulation of weekly holiday work, redundancy rules, notice requirements and severance payments for redundant workers, introduction of unemployment insurance and laws that mandate gender non-discrimination in hiring and equal remuneration for work of equal value' (World Bank Group n.d.b). This agenda is based on research that sees stringent labour regulations and generous social security systems as legacy issues of the erstwhile dominant left-wing ideology that 'lower labour force participation and higher unemployment, especially of the young' (Botero, Djankov, La Porta, Lopez-de-Silanes, & Shleifer 2004). The Bank believes that such reforms would also help realize decent work outcomes that the ILO advocates.

This strategy of increasing labour market flexibility is further bolstered by the latest World Development Report 2019 (WDR) (World Bank 2019). The WDR explains how the provision of social protection can enable labour market flexibility. It further guides developing economies to learn to live with widespread informality. Instead of trying to attempt transition to formalizing the plethora of atypical employment forms, the WDR advocates abandoning of 'obsolete' social security systems in favour of an insurance-based model that is delinked from formal wage employment (Ibid.: 14).

It acknowledges the Bismarckian pillars of social protection in the form of a guaranteed social minimum (with social assistance at its core), social insurance, and labour market regulation (p. 106). However, these three pillars are synthesized in the new approach in the model of 'flexicurity' as exemplified by countries such as Denmark (Ibid.: 125).

The guaranteed social minimum is understood in the idea of a Universal Basic Income (UBI). The reality of informality – low incomes and irregular employment – is sought to be addressed through the idea of UBI (Ibid.: 109). The strategy has already been anticipated and introduced in India in the Government's Economic Survey 2018 and the positive projection of the idea of UBI by the former Chief Economic Advisor of the central government.

Social insurance, among other things, includes exempting firms and employers from obligations of providing social protection in favour of state-led national systems (Ibid.: 117). Moreover, it argues for providing subsidies to employers (instead of workers) in order to incentivize them to meet their basic obligations of 'minimum wage, employer-provided health care, or protection against dismissal' (Ibid.: 31).

On labour regulation, the World Bank believes that it is more important to 'protect' people than to protect some jobs (Ibid.: 116). It suggests that 'more flexible dismissal procedures should be balanced with increased protections outside of the work contract and active reemployment support measures to protect people who lose their jobs.' (Ibid.: 117) It effectively exhorts the state and people to reconcile with unemployment and underemployment as common and regular features of the labour market.

The approach of the WDR is summed up in the following statement: 'A new social contract could provide a minimum income, combined with basic universal social insurance, that is decoupled from how or where people work' (Ibid.: 129). The sum total of labour rights under this paradigm becomes an entitlement to a minimum income—which when delinked from the workplace, can only by a stretch, be termed a 'right'. Social protection is reframed as social insurance, to advocate for a privately funded system (paid for primarily by the worker, in some cases by the employer). The regulation of working conditions remains no more an objective of labour policy, wherein labour politics would inevitably be reduced to seeking benefits from the state and services from the insurance markets.

How many and in what form, these policy prescriptions of the WDR will inform the labour policy in India can be ascertained once the on going negotiations between the government, workers and employers are sealed in the 4 proposed Labour Codes. In the meanwhile, this chapter would attempt to underscore convergences and variances from the aforementioned framework in the Draft Labour Codes of India.

## 5.6 CONTEMPORARY CONTOURS OF INDIAN LABOUR POLICY

In line with the recommendations of the 2002 SNCL report, the government is in the process of making the biggest-ever overhaul of 44 central labour laws into 4 Labour Codes. The objective of this exercise is to 'simplify, rationalize, consolidate, and amend' the laws to better conform to a 21st century economy that India is. In the current spate of reforms, the government is going with four separate codes – the Labour Code on Industrial Relations Bill 2015, the Code on Wages 2017, the Labour Code on Social Security 2018 and the Draft Labour Code on Occupational Safety, Health and Working Conditions 2018. In all, these four codes, as the government claims, will consolidate, simplify and rationalize 44 existing central legislations on labour. However, many contend that it is an exercise that is doing much more than just simplifying the labour regulation regime in India.

Before going further, it would be useful to point out that all the 4 Labour Codes remain in draft form till date. They are subject to critical changes depending on outcomes of negotiations of the central government with representatives of workers, employers and state governments till they are finally enacted by the Parliament. The present chapter approaches these Labour Codes more as documents outlining the broad policy approach on labour and not as taut legal statutes. It is also instructive to note that many crucial parts of the reforms proposed in these Labour Codes are being gradually legislated upon through amendments in existing laws by both the central and state governments. So, on the one hand, these Draft Labour Codes may not be tackled legally and literally at this stage. But on the other, given that their direction is already

informing amendments to existing laws and they have become a core contention in the dialogue between the trade unions and the government, it is imperative to engage with their potential to shape the labour regulation landscape.

In fact, even as one may point to adverse consequences of some provisions of these Codes, particularly for the organized workers, it also remains a fact that the scope of the Codes addresses longstanding demands of the majority of unorganized workers on their collective representation, wages, social protection and occupational safety and health. Therefore, the Codes hold the potential for invoking polarizing reactions from different strands of the labour movement itself. While the organized workers have been insisting that the Codes do not tinker with their established institutions and benefits, one section of unorganized workers does welcome promises of universal social security and national minimum wages. Some are in favour of a blanket rejection of the Codes as a neoliberal policy approach to disenfranchise workers. Others see the negotiations on these Codes as an opportunity to find a seat at the tripartite table and finally influence policy that impacts their lives.

## 5.7 THE DRAFT LABOUR CODES

Fully cognizant of the challenges of tackling a live target such as the Draft Labour Codes, the present chapter attempts to tease out a meta-narrative on labour policy from the specifics of each of the Codes. It does so by comparing the import of the provisions of two of the Codes with existing laws and relevant international labour standards. The next section deals with the Labour Code on Industrial Relations Bill 2015, followed by a section reviewing the Code on Wages 2015. On the Labour Code on Social Security 2018, the Chapter will limit itself to a few key general observations. This Code has been dealt with in detail in Chapter 10 of this report.

### 5.7.1 Labour Code on Industrial Relations Bill, 2015

The international standards guiding the industrial relations framework are contained in the Conventions No. 87 and No. 98. ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organise Convention, 1948, provides both workers and employers to form and run their own organizations without interference from the government. Convention 98 on the Right to Organise and Collective Bargaining Convention, 1949, requires protection of workers from anti-union discrimination and punitive or preventive action against their participation in union activities. India has not ratified both of these conventions which form part of the ILO's Declaration of Fundamental Principles and Rights at Work. This, despite the Indian constitution guaranteeing the right to form associations or unions with reasonable restrictions under Article 19.1.c.

The Trade Unions Act, 1926 (TUA) of India grants freedom of association and provisions for registration and functioning of trade unions. The TUA confers special immunity to the actions of the TUA from civil and criminal law. It also provides rules for creation of general and political funds, and annual audit procedures for the accounts of the unions. The TUA also allows inclusion of members who may not be directly employed or related to the firm or industry of its operation. However, through a 2001 amendment the number of such 'outsider' members, was restricted to one-third or 5 whichever is lesser, from the earlier one-half of the membership (Saini 2009). A key limitation of the TUA has been that registration as a trade union does not imply automatic recognition leading to multiplicity of unions and contestations in representation of workers.



The purview of the activities of the trade unions is further circumscribed by another key national legislation, the Industrial Disputes Act, 1947 (IDA). The original purview of the IDA, 1947 opened up all employer-employee relationships, including that of domestic labour, to interventions by trade unions through 'industrial disputes' (Gupta 2016). A notable amendment to the IDA in 1956 narrowly defined the 'workplace' as a 'factory' as in the TUA. Thus, in a single stroke the scope of work of the trade unions was limited and the majority of workers not employed in a 'factory' were pushed into the unorganized sector. However, at the peak of labour militancy in the 1970s, the IDA received two major amendments to protect workers within the organized sector from arbitrary layoffs, retrenchment and closure of factories. The 1976 amendment to the IDA made it compulsory for the managements of factories with 300 or more workers to take permission from the government before carrying out any layoffs, retrenchment or closure. The 1982 amendment brought down the threshold number for this to 100 workers.

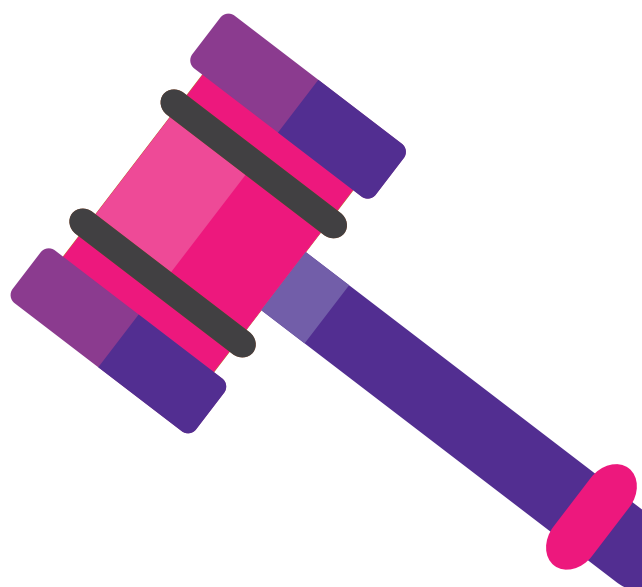
The Industrial Employment (Standing Orders) Act, 1946 (IESOA) is another law that crucially informs negotiations between workers and employers. The IESOA is aimed at making labour contracts 'complete, fair and legally binding' in the interest of workers whose consent is required to be sought for any changes in the terms and conditions of their work.

The IESOA is critical in that the definitions of the forms of employment and concomitant applicability of legal protections derive from this framework. For instance, the Model Standing Orders (Schedule I) attached to the Industrial Employment (Standing Orders) Central Rules, 1946, holds an elaborate definition of who should be considered 'permanent' or regular worker. By extension, it also deals with other non-

regular forms of employment as trainees, fixed-term employment workers, contract workers, temporary and casual workers.

Critics of the Indian labour regulatory regime have held such strict regulations responsible for preventing entry of large-scale firms in the unskilled-labour-intensive sectors and also growth of unskilled employment in the organized sector. An important aspect of Indian trade unions is their affiliation to leading political parties. Many see this as the trade unions exercising undue influence over the government through their association with political parties (Badigannavar & Kelly 2012). This to the extent, that many have argued that the Indian state has a strong paternalistic attitude towards labour and hence most of the judicial and executive interventions tend to protect workers at the cost of rights and liberties of the employers.

However, some key facts, at least since the 1990s suggest a shift in the allegiance of the state towards capital and employers. Labour militancy has consistently declined since the 1990s. A review of data from the Labour Bureau on work stoppages finds that instances of work stoppages per 100 employees in the organized sector



decline by more than half from 4.92 in the 1990s to 1.87 in the 2000s. Work days lost per thousand employees came down from 942.63 in 2004-07 to 689.17 in 2008-10. The capacity of workers to successfully raise industrial disputes using labour laws has also declined. The number of industrial disputes across India declined from 371 in 2010 to 149 in 2014 (Sundar 2015). Indicated by these trends, India has been witnessing a decline in the strength of trade unions in the organized sector, with fluctuating membership numbers.

It is in this context, that the Labour Code on Industrial Relations Bill 2015 (LCIR) proposes to consolidate the statutes of the TUA 1926, the IESOA 1946 and the IDA 1947 (Ministry of Labour and Employment 2015).<sup>11</sup> However, it has been argued that the purpose of the LCIR goes beyond mere consolidation as we will see below.

The LCIR makes provisions for standardization and democratization of the registration and functioning of trade unions in both the organized and unorganized sectors. It tries to do so by making the following provisions. Unorganized sector unions are exempted from the requirement of having at least 10 percent of the workers in an establishment or industry for registering their union. However, it requires all office-bearers of the union to be employed or engaged in the establishment or industry concerned in the organized sector, whereas unorganized sector unions can have at most 2 office-bearers from 'outside'. Registered trade unions would be required to hold biannual elections to their offices instead of every three years as in the present TUA. The LCIR contains provisions for heavy fines on workers and trade unions for violation of

expansive and strict guidelines for filing returns and indulging in 'unfair labour practices'. Further, the LCIR has expanded grounds for cancelling of registration of trade unions based on technical criteria for governance of trade unions and other compliances. Any appeals by unions can go up to Industrial tribunals while the role of labour courts is proposed to be eliminated (Mathew & Jain 2018). The special immunities provided to registered trade unions under the TUA and IDA are proposed to be thinned to negligible levels to the extent that strikes and lockouts by workers are proposed to be made effectively illegal by extending the definition of public utilities to all industrial establishments and requiring two and six weeks' notice for strikes. Instances of more than 50 percent of the workers of an establishment taking simultaneous casual leave for any reason will also be classified as strike.

It is important to note that the provisions of LCIR apply to establishments with 40 or more workers only. Concerns with workers between 10 and 40 are proposed to be governed by a separate Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014. This Bill proposed to suspend the applicability of 14 central labour laws to factories employing less than 40 workers. However, after much resistance by workers' organizations, this Bill has been shelved for now.

### **5.7.2 The Code on Wages, 2017**

The ILO Convention No. 95, the Protection of Wages Convention, 1949 provides for protection of workers against arbitrary deductions from wages (Article 8) and against attachment or assignment

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<sup>11</sup> All references to the provisions of the LCIR have been made in regard to this version of the Bill.

of wages 'to the extent deemed necessary for the maintenance of the worker and his family' (Article 10). Also, ILO Convention No. 131, the Minimum Wage Fixing Convention, 1970, requires taking into account the needs of the workers in determining minimum wage levels (Article 3) and encourages tripartite mechanisms including representatives of workers and employers in the fixing of minimum wages (Article 4). India has again failed to ratify both these conventions of the ILO. The only Convention on Wages in-force in India is the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), which specifies the requirement of following tripartite processes in fixing binding minimum wage levels.

In India, the subject of wages is covered by Payment of Wages Act, 1936, Minimum Wages Act, 1948, Payment of Bonus Act, 1965 and Equal Remuneration Act, 1976. These laws are administered by both the central and state governments as appropriate authorities.

The Government introduced a revised version of the Draft Code in the Lok Sabha on August 10, 2017, as the Code on Wages, 2017, Bill No. 163 of 2017 (Ministry of Labour and Employment 2017).<sup>12</sup> While the Bill addressed a few concerns raised by the workers, many issues still remain that might jeopardize the livelihood of millions of workers through diluted protective standards and diminished accountability mechanisms in the provisions of the Bill.

The schedules of employment as under the Minimum Wages Act, 1948 will be eliminated under the Code. State governments will be responsible for setting standardized state-level

minimum wage rates for two general forms of employment-time and piece-rate work. Organized and unorganized, both types of workers will be covered under the same time and piece rates for minimum wages.

The Minimum Wages Act passed in 1948 recognizes specific employments in schedules as per which minimum wages are determined, periodically revised and made payable to workers in the formal and informal sectors. The employment schedules take into account skill levels, type of employment (agricultural and non-agricultural) and industries of employment. While trade unions in the organized sector mobilized for raising minimum wages in their respective schedules of employment, the demand for recognition of prominent informal employment types in the schedule of employment has emerged as a major mobilization plank for unorganized workers. The case in point here is the inclusion of domestic work in the schedule of employment in 7 states of India. It is a landmark achievement for domestic workers towards getting recognition of the household as a place of work (Gudibande & Jacob 2015).

While having minimum wage rates for unorganized workers might bring them relief, the elimination of the schedules to lump all types of workers together can also mean that the lowest paid workers will be used to bring down minimum wage rates for all workers, especially from the organized sector. Under the MW Act, Central and state governments set the minimum wages for scheduled employments. Shifting the onus largely to the states, and given the intensifying competition between states to

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<sup>12</sup> All references to the Wage Code in this chapter are with regard to this version of the bill.

attract capital investment, it is highly likely that the states will compete to set the lowest possible minimum wage rates.

As per the Code, the appropriate Government will review or revise minimum rates of wages at an interval of five years. The Minimum Wages Act, 1948 requires the government to periodically revise the rates at least once in 5 years. The Code on Wages, however, allows the government to 'review or revise' the rates every five years. This flexibility in law can obviously be used to deny any increments in the rates even after 5 years, based on the said 'review'.

State governments are required to fix or revise minimum wages taking 'into account the skill required, the arduousness of the work assigned to the worker, geographical location of the place of work and other factors which the state government considers appropriate' (Chapter II, Clause 6.6). The consideration of the cost of living in calculations is left to the discretion of the state governments. Further, there is no clarity on the periodicity for the calculation of the reference cost of living for any given period.

State governments have been allowed practically unlimited flexibility and discretionary powers in setting the criteria for calculation of minimum wage rates. The suggested criteria in the Bill completely bypass and potentially violate established jurisprudence on required needs-based criteria for setting of minimum wage rates. In fact, such provisions take away from the Supreme Court's interpretation of the constitutional mandate of progressively realizing living wages for all workers of the country. The essential pillar of social justice in this matter is the mandatory accounting for the cost of living of workers in the calculation of their minimum wages. This has been completely undermined in the Code. Further, the mandatory periodic

revision of the rates in 5 years has also been made optional, allowing not only minimal wage rates but also little to no increments to keep up the rates with increases in the cost of living.

The Code offers a limited law to prohibit discrimination on the ground of gender. Representation of women on advisory committees will be at least 33 percent. Further, trans-genders have been left out of the protective scope of the Code when it comes to gender-based discrimination. The comprehensive provisions of the Equal Remuneration Act, 1976 have been done away with as follows. Women's representation on advisory committees has been reduced from 50 percent to 33 percent. There is no provision for appointment of labour officers to hear cases of discrimination. There is no central government authority to ensure state-level enforcement of norms for prohibition of gender-discrimination.

The Code has no provisions for dealing with discrimination in employment based on social identities of caste, language, religion, region, etc. This is of particular concern given the dismal conditions of recruitment and work of inter-state migrant workers and socio-cultural minorities in India.

Besides 'new establishments', the Code now also exempts employers during 'trial running of any factory' and 'prospecting stage of any mine', in periods ranging from 5 to 8 years, from paying bonuses. Existing establishments are also allowed to enter 'trial run' or 'prospecting stage' under the provisions of the Code (Chapter IV Clause 26.8). The Code also prohibits authorities from disclosing balance sheets without the employer's express consent. The statements and accounts submitted by the employers are presumed to be correct without requiring any proof for counter-checking the details.

The Code provides additional exemptions to employers beyond the ones provided in the Payment of Bonus Act, 1965, by introducing the above provisions. The Code undermines transparency and the right to collective bargaining of the workers by restricting their access to the accounts of their employers.

The Code allows employers to deduct wages of workers, without following any meaningful due process, if they are 'not satisfied' with the performance of the workers or if they mean to 'recover losses' (Chapter III Clause 18.2).

These provisions provide ample scope for the employers to use arbitrary wage deductions for wage theft, for curbing union activities and for coercing workers to meet unrealistic production targets. Further, such provisions leave the workers exposed to myriad forms of forced labour.

The Code eliminates the inspection and enforcement authority of labour commissioners and inspectors. The Code requires the appointment of 'facilitators' and other unspecified authorities to address concerns of inspections and enforcement (Chapter VII). The facilitators are expected to provide information and advice to workers and employers so that they can better comply with the provisions of the Code. The facilitators are also tasked with conducting inspections based on web-generated inspection schedules. The facilitators have been given the authority to examine workers, require information, seize registers and records, require documents and search and seize.

The provisions of the Code replace an already debilitated system of labour inspections and enforcement of labour laws, with a much softer regime of inspection and voluntary compliance. Given the government's ready reliance on self-

certification by employers and the provision of likely pre-determined schedules for inspection, the capacity of the facilitators to actually identify and act upon cases of labour rights violations appears highly suspect.

The Code changes violations in respect to payment of wages and bonuses to civil liability, giving employers enough room to evade due penalties and punishments through procedural loopholes and allowing compounding of offences. The Code replaces the judicial appellate authority with an unspecified type of authority with 'all powers of a civil court' (Chapter VI Clause 45.7). It is important to note that the Code also revokes the workers' right of legal representation by an advocate and representation by a non-governmental organization. The workers will be able to seek representation only as an employee or through a trade union or a facilitator. The Code also exempts the government from the requirement of paying timely wages.

The decriminalization of non-payment of wages and bonuses amounts to a softening of approach of the government on the issue of forced labour. Further, civil action is less likely than criminal action to deter labour rights violations. The denial of the right to representation by an advocate is a direct violation of the provisions of the Advocates Act, 1961. The government being one of the largest employers in India, the provisions of the Code effectively deny justice to millions of workers by exempting the government from the requirement of providing timely wages.

The Code recommends the fixing of a national minimum wage by the Central Government. However, it also allows differentiated levels of the national minimum wage for different states or geographical areas.

The provisions of the Code allowing different national minimum wage levels in different areas are self-defeating and essentially promote lowering of wages in the states' race to the bottom for attracting investments.

### 5.7.3 The Draft Labour Code on Social Security and Welfare

The Social Security (Minimum Standards) Convention, 1952, No. 102, of the ILO draws broad guidelines for provision of a minimum level of social security to workers in terms of medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit. The Convention advises coverage of all workers whose earnings are lesser than that of a typical skilled male worker as defined in Article 65 of the Convention. Another Convention of the ILO, the Maintenance of Social Security Rights Convention, 1982 (No. 157), protects the rights of migrant workers in provisions of social security. India has partially accepted the Equality of Treatment (Social Security) Convention, 1962 (No. 118) concerning equality of treatment of nationals and non-nationals in social security.

In India, social security provisions are made under a number of laws and schemes including EPF Act, ESI Act, Maternity Benefit Act, Payment of Gratuity Act, Employees Compensation Act, Unorganised Social Security Act, and various Welfare Cess/Fund Acts. Additionally, the National Social Assistance Programme provides for limited social security to vulnerable groups, not necessarily linked to their status as workers.

This section focuses on some broad comments on the agenda of the SSC where workers' voices and rights may be undermined. A more detailed

review of the social security provisions is carried out in Chapter 10 of this report.

A centralization of powers is visible in the proposed institutional structure. While the Prime Minister-led National Council will set the broader policy direction, the Central Board chaired by the minister of Labour and Employment will monitor most functions of the state boards and intermediate agencies. The orders of Central Board prevail over all state boards in case of conflicts. The state boards will be required to credit revenue surpluses to the Central board which will manage the investment of the funds on behalf of the states. The Central Board also remit amounts to the State Boards in response to their requests to meet the expenses under specific schemes.

This institutional structure raises two primary concerns. One, the scope of tripartite processes in determining the management of social security funds is grossly reduced. All social security organizations described in Part B of the SSC, are heavily dominated by the representatives of the government – mainly central government. The number of workers' representatives is significantly lower when compared to, say the existing constitution of the Central Board of the EPFO. Two, the dominance of the central government leaves little space for the state governments to significantly influence the policy direction in social security organizations.

It is in recognition of the foregoing tendencies of centralization and diminished role of tripartism in the proposed institutional structures that the central trade unions of India have compelled the government to exclude the ESIC and EPFO from the purview of the Code (PTI 2018).

Besides the numerous clauses for exclusion from coverage, access to social security under

the SSC is strictly linked to three major criteria. First is the registration of every worker's portable Vishwakarma Karmik Suraksha Khata (VIKAS) account. Second is the regular payment of a portion of wages as contribution to the social security fund. Third is the regular filing of a return-cum-challan with periodically updated employment and income details.

Given that the registration of the VIKAS account is based on Aadhar registration, significant exclusions as recorded in present Aadhar-based systems are likely to continue. Importantly, the SSC makes the employment of a worker invalid in the scenario of their failure to register a VIKAS account. This provision has the potential to compound the vulnerability of the workers, particularly in the unorganized sector.

The level of contributions set in the SSC vary from 12.5 percent to 20 percent of the income of every worker depending on the level of their income and nature of work. Given the requirements of contributions from all workers, it is clear that the new social security system will rely almost completely on contributions made by employers and workers. The highest quantum of contributions is reserved for self-employed workers. It might again be tilted against informal workers who are unlikely to be able to establish clear employment relationships and hence get clubbed in the self-employed category. Moreover, while the SSC exempts those earning lesser than the minimum wage from paying contributions, it will be difficult for a large number of workers to file such return-cum-challans that prove so.

The roles envisaged for private entities in the new social security system indicate wholesale privatization and creation of a market for social security services. The operational responsibilities in the new institutional framework will be

carried out by 'intermediate agencies' playing the roles of fund manager agency, point of presence agency, service delivery agency, benefit disbursement agency or record keeping agency (Clause 2.62 and Clause 88.1). The Central Board will license, monitor, regulate and adjudicate upon disputes concerning the intermediate agencies. Given the criteria mentioned for the licensing of the intermediate agencies, especially minimum capital requirement and ability to guarantee returns, it is highly likely that this role will be taken up by major corporate entities. These entities would be responsible for running Facilitation Centres and also professionally managing the investment of scheme funds.

The grievance redressal mechanism is also largely controlled by the Centre in the constitution of the Appellate Tribunals. The role of tripartite mechanisms with workers' representation is conspicuously limited wherein any representatives of workers will be nominated by the government where it is required by process.

## 5.8 THE WAY AHEAD

If the contemporary labour policy in India were to be inferred from the draft labour codes read with recent proclamations from the top echelons of the government, we appear to be headed towards a transcendence of the formal-informal framing of the labour market. A flattening of the field is underway wherein formal employment increasingly resembles the informal, whereas the informal receives a semblance of formality through proposed inclusion in national accounting systems. In terms of outcomes, workers across sectors and forms of employment are expected to compete from a common base of minimum wages set by time-rate and piece-rate- with a likely erosion of the historical gains of the labour movement,

particularly in the formal sector. The vagaries of such transformations are supposed to be met with a progressively expanding social security net that is meant to be almost completely funded by private contributions of workers and employers. With the private sector set to play a pivotal role in running the proposed social security system, we may be witnessing the blueprint of a whole new industry of privatized social welfare.

In many ways, the foregoing description of the outcome of contemporary labour policy may be realizing the vision of the SNCL. However, in the diminishing role of the state in regulating of working conditions in the informal as well as formal sectors, the policy appears to be neglecting the critical findings and recommendations of the NCEUS. Further, given the rootedness of the inequalities on the social structures, the policy lacks any direct statutory or structural means to address issues of caste, gender, religion, etc. as present in the labour market. In fact, it may be argued that the attempt to formalize the existing livelihoods of informal workers with least regard to their conditions of work and living (especially for the majority of self-employed workers), would be tantamount to freezing or institutionalizing the profound labour market inequalities in a permanent status quo. Moreover, with the dilution of tripartite systems and powers of trade unions to effectively represent the workers, would make it extremely difficult for workers to engage the government on adverse outcomes of such policies.

Such an approach would be quite in line with the World Bank's prescription of a 'a shift away from protecting some jobs to protecting all people' (World Bank 2019). In other words, the World Bank reiterates the SNCL's emphasis on deregulation of labour market with provision of a minimum social security through an umbrella legislation. This approach assumes

that comprehensive labour regulation is both a hindrance to competitive growth of firms as well as to the objective of employment generation. That these assumptions do not hold against empirical evidence is brought out in the ILO's response to the WDR (International Labour Organization 2018). Among key disagreements expressed by the ILO, it is germane to underscore at least two. One, 'protecting some jobs' is a bad thing when the objective is to protect all jobs. The same would not be a bad thing when the alternative proposed is deregulation – protecting no jobs at all. Present deficiencies in regulatory frameworks warrant improvements rather than complete deregulation. Two, the ILO also questions the WDR's rejection of social insurance as unfit to cater to changing forms of work. The ILO claims that the same model of social insurance has been successfully functioning in numerous developed and developing countries. The ILO contends that the proposed solution for 'protecting all people' through a shift from collectively financed mechanisms to privatized savings systems or untested mechanisms such as UBI, is bound to exacerbate inequality particularly for women and informal workers with non-linear working lives.

In conclusion, if labour market inequalities are to be curbed, the need of the hour is more effective regulation of conditions of work which is tied to publicly provisioned universal social security. In order to do so, a necessary first step for the government must be to widen the scope and depth of social dialogue with both employers and workers. So that the workers can effectively represent themselves, the government must revive existing tripartite platforms like the Indian Labour Conference while widening participation to include informal workers' representatives in a proportionate manner.



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# 6. INEQUALITY IN THE FORMAL MANUFACTURING SECTOR

EXAMINING CONTRACT LABOUR DYNAMICS,  
WAGE DIFFERENTIALS AND SOCIAL SECURITY

BY TOMOJIT BASU





More than **1/3<sup>rd</sup>** of all manufacturing sector workers are now hired on contracts



Between 2005-06 and 2015-16, proportion of contract workers in total workforce rose by **7.4%** across 18 industry segments, from around 30% to more than 37%



Between 1997-98 and 2014-15, compounded annual growth rate of directly hired workers increased by a mere **0.55%**. The corresponding growth recorded for contract workers was nearly **7%**



Contract workers make up or are close to making up **MORE THAN 1/2** of the total workforce in industries involved in manufacturing tobacco products, coke-refined petroleum products and nuclear fuel, non-metallic mineral products, motor vehicles and other transport equipment.



Average daily real wages for casual workers between 2004-05 and 2011-12 rose from **INR 113** to **INR 138** – for formal regular workers, it increased from **INR 545** to **INR 750**



The pace of wage growth for contract workers has increased over the last two decades, the ratio between the difference in wages for permanent and contract workers rose to **0.76** between 2000-01 and 2011-12 which indicates a reduction in the wage gap



Share of wages to managerial/supervisory class rose nearly **6%** between 2005-06 and 2015-16, share for regular workers fell about **2%**



## 6.1 INFORMALIZATION OF THE WORKFORCE

IN SEPTEMBER 2018, the Oragadam industrial belt abutting Chennai was rocked by labour strife for almost three weeks. Hundreds of workers at motorcycle manufacturing companies including Yamaha and Eicher Motors (owners of Royal Enfield) went on strike to demand better wages and the right to unionize. A key contention raised by protestors was the non-conversion of contract employees to permanent roles even after seven years of service (Varadhan & Shah 2018).

Similar strikes have been a regular feature in India's manufacturing landscape in the recent past. The structure of employment in the country's organized (or formal) manufacturing sector has changed considerably since the economic reforms of 1991. Contract workers have increasingly substituted permanent (or directly hired) workers to the extent that the former now make up more than a third of all workers in formal manufacturing (Chakravarty 2018).

Last March, the Narendra Modi-led National Democratic Alliance (NDA) government amended the labour rules to extend fixed term employment which effectively amounts to contract work to allow firms a greater degree of hiring flexibility. The policy intervention

was premised on encouraging job creation to address 'jobless growth'. The gazette notification proposed replacing 'fixed term employment workmen in apparel manufacturing sector' in the Industrial Employment (Standing Orders) Central Rule, 1946, with 'fixed term employment' (Clause 2, Ministry of Labour and Employment Notification 2018). The notification stated that a notice of termination would not be required irrespective of a worker's contracted tenure and they would not be entitled to any notice pay if the contract was terminated (Magazine 2018).

Unfair terms of service, low remuneration and wage inequality for casual workers was flagged by the International Labour Organization (ILO) in the India Wage Report released last August. Using national data from the government's National Sample Survey Office's Employment and Unemployment Surveys (NCEUS), it estimated that 62 per cent (121 million) of India's employed population comprised of casual workers, which should include contract workers as per labour definitions used in the NCEUS.<sup>1</sup>

Despite 7 percent annual average GDP growth over the last two decades and a doubling of real wages between 1993-94 and 2011-12, the report stated the Indian labour market continuing to be characterized by 'high levels of segmentation and informality' (ILO 2018: xiii).

<sup>1</sup> The NSSO's Employment Unemployment Surveys define regular wage and salaried employees and casual labour. The former refer to persons who work in others' farm or non-farm enterprises (both household and non-household) and, in return, receive salary or wages on a regular basis (that is, not on the basis of daily or periodic renewal of work contract). This category includes not only persons getting time wages but also persons receiving piece wages or salary and paid apprentices, both full-time and part-time. The latter are defined as persons who are casually engaged in others' farm or non-farm enterprises (both household and non-household) and, in return, receives wages according to the terms of the daily or periodic work contract, are considered as casual labour (ILO 2018: 99, s. 4-5).



Increasing ‘informalization’ (or casualization) of the workforce, among other factors, stymies India’s ability to pursue inclusive growth. Contractualization, both within the organized and unorganized manufacturing sectors, has contributed to limiting inclusive economic growth by widening wage inequality even if wages have grown at a faster rate for contract workers over the last decade. The gap between the real wages of regular and casual workers was significant as of 2011-12 with the latter earning 36 percent of the compensation received by the former. The median wage for regular or salaried workers and casual workers stood at INR 232 and INR 120, respectively (Ibid.: 17). Social protection and collective bargaining for and by workers has also suffered due to labour casualization since contract workers are likely to be fired easily and are not covered by various legislative provisions (Kapoor & Krishnapriya 2017).

Given that the trend of contractualization is likely to continue, it is important to examine the causes behind the expansion of contractual labour and how the trend has impacted wages in formal manufacturing. It is equally important to assess the difference in earned wages between workers and supervisory staff in organized manufacturing to be able to determine the wage divide between different classes of workers.

This synthesis essay, thus, attempts to capture the reasons for the shift to contractual workers and highlight key wage trends within organized manufacturing using secondary literature and analysis derived from Annual Survey of Industries (ASI) data between 2005-06 and 2015-16. The essay concludes with recommendations to reduce wage inequality and promote social protection in the formal manufacturing sector.

## 6.2 CAUSES OF WORKFORCE INFORMALIZATION

A key source of competitive advantage for manufacturing firms in a global marketplace is labour market flexibility. Sharma (2006) notes that the framework formed a part of the Washington Consensus which posited that removing or watering down protective labour provisions would allow free market forces to lead to optimal economic outcomes through more efficient resource employment. State regulation distorted efficiency by increasing transaction costs and causing a decline in investments and resulting in unemployment and a loss of welfare (Ibid.).

Lower labour market rigidity makes it easier to informalize recruitment by using contract workers, part-timers, temporary workers, etc. This leads to a two-tier workforce structure where the number of directly employed (or permanent) workers tends to slide while those on contracts rise. It also results in one group of high skilled employees employed in supervision and decision-making and another of low skilled workers tasked with mundane functions (although there exists sufficient evidence for even highly skilled workers hired only on contracts).

For the purpose of this essay, the examination of contract worker trends and wages is limited to organized manufacturing which employed about 27.5 per cent of total manufacturing sector workers in 2015 (Basole et al. 2018). As of 2014-15, contract workers accounted for 35.4 percent of the total workforce employed in formal manufacturing. Compounded annual growth rates of the number of permanent and contract workers between 1997-98 and 2014-15 was 0.55 percent and 6.79 percent, respectively (Chakravarty 2018). In 1997-98, directly employed



workers outnumbered contract workers 5 to 1. By 2015-16, it reduced to 1.8 permanent workers for every contract worker.

Considerable research has been undertaken on the causes of increasing contractualization in formal manufacturing. One reason cited is that it allows firms to pay lower wages to such workers which generates greater savings from the non-expenditure on benefits such as health insurance, pensions, paid leave, etc. These savings are then reinvested into more productive or profit-generating avenues. Even real wages of permanent workers between 2001-02 and 2011-12, as per the ASI, have been about 1.5 times that of contract workers.

Kapoor (2016) finds that the rising share of contract workers contributed more to inequality than rising capital intensity among organized manufacturing sector firms. In other words, the marginal impact on inequality due to hiring contract workers was larger than that of employing more capital in manufacturing. Saha et al (2010) find that another reason for informalization of the workforce is a response to a rise in import competition whereby lower expenditures on contract workers' wages and savings generated helps reduce production costs and improves competitiveness.

From a legislative viewpoint, a widely cited reason is labour market rigidity caused by the Industrial Disputes Act (IDA, 1947) which is applicable only to directly employed or permanent workers. Chapter V B of the IDA, which deals with retrenchment, makes it mandatory for a firm to obtain government permission to lay off even one worker. Ahsan and

Pagés (2008) find that hiring through contracting agencies allows firms to circumvent the IDA as they are incentivized by lower wage outlays and adjustment costs.

A popular index used to assess the degree of labour market regulation and hiring patterns in response to the IDA is the Besley-Burgess Index (2004).<sup>2</sup> Based on amendments made to the Act by different Indian states between 1958 and 1992, it summarizes the amendments as pro-worker, pro-employer or neutral. After being cumulated for the entire period and for each State, the total is taken as an indicator of labour market regulation across the country. Chaurey (2014) used the Besley-Burgess Index to compare firm behaviour in both flexible and restrictive labour regimes across States when faced with demand shocks. The empirical study showed firms located in pro-worker labour regimes, that is, where the Act is strictly enforced or has been amended to provide greater security to permanent workers, tend to hire more contract workers than those establishments operating in pro-employer regimes when faced with transitory demand shocks. Hence, contract workers have added flexibility to hiring decisions in States strictly complying with the IDA.

It is worth noting that the index has been criticized (Bhattacharjea 2006a & Bhattacharjea 2006b) for being myopic in its treatment of classifying States as pro-employer or labour on the basis of even one amendment over the time period covered and not accounting for other legislation. Most studies on contractualization, however, tend to utilize the index in some form to assess the impact the IDA has on labour informalization.

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2 For a detailed explication of the index, see pp. 91-134.

The Contract Labour (Regulation and Abolition) Act (1970) is another key legislative provision that merits mentioning. It is applicable to firms employing 20 contract workers or more and requires wage parity between permanent and contract workers. Firms are supposed to adhere to minimum wage norms. Some State governments have amended this legislation to make it applicable to firms employing 50 or more contract workers, for example, Maharashtra (Maharashtra Act No II 2017).

The combination of such labour legislation has entrenched the two-tier structure in formal manufacturing. This is because each legislation required to be enforced requires the maintenance of separate registers and submission of returns to designated authorities. This is costly in terms of both finances and time. It is, therefore, not surprising that firms choose to circumvent compliance and endorse mechanisms that promote flexibility in hiring and firing. Fallon and Lucas (1991) claim formal manufacturing sector employment would have been 17.5 percent higher in the absence of such regulations. They argue such provisions and factors such as unionization makes workforce adjustment difficult for firms, in turn, discouraging employment expansion.

To summarize, most of the existing literature examining the increase of contractual labour in India's formal manufacturing sector tends to posit the phenomenon on a variety of factors. Many of these are not unique to India or the developing world. While reasons may vary, almost every study assessed for the purposes of this paper found that a significant gap in wages existed between permanent and contract workers. For instance, Rani (2008) shows that in 1983, casual workers earned about 62 percent of what permanent workers did which declined to 44 percent in 2004-05.

Wage inequality between the two groups of the labour force and an examination of wage differentials between workers and the managerial class is taken up in the next section through analysis of ASI data at the 2-digit industry level which will be synthesized with prior research findings.

### **6.3 CHANGING LABOUR PATTERNS, WAGE GAPS AND SOCIAL SECURITY**

The manufacturing sector is viewed as a key driver of structural transformation owing to the production of a diverse basket of goods and services and giving rise to a modern, able and efficient workforce. India's manufacturing sector accounts for around 11 percent of employment and nearly 16 percent of the country's GDP. The organized manufacturing sector comprises a larger share in the GDP – nearly 68 percent of value-added – owing to greater labour productivity, easier access to working capital and swift technology adoption. However, it accounted for about 26 percent of the manufacturing workforce as of 2011-12 and was closer to 28 percent as of 2016 (Goldar & Sadhukhan 2015).

While job creation increased after 2005, much of this is attributed to a larger share of contract workers who now account for slightly more than 35 percent in organized sector employment in 2015-16 up from 14 percent in 1989 (Papola & Sahu 2012). The trend is echoed by the ILO (2018: 9) which finds that between 2004-05 and 2011-12, the number of regular/salaried employees without social security and other non-wage benefits grew by 9.2 percent. This was higher than the 3.2 percent rise in those employed as regular formal employees. It refers to this phenomenon as a fragmentation in organized manufacturing

where a growing number of salaried employees appear to be informal without access to social security while the number of casual and contract workers continue to be high in some industries. It notes that most regular/salaried employees are found in the urban labour market (75 percent) while casual employees tend to be more in rural labour markets (80 percent).

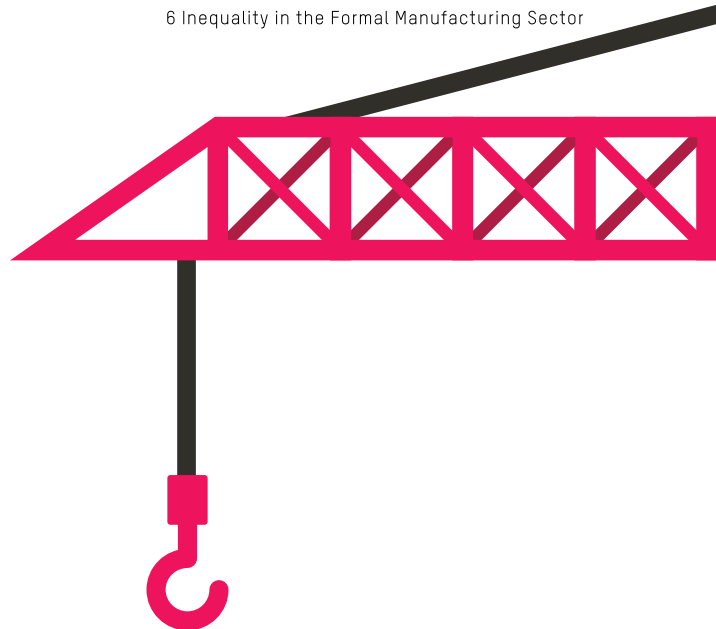
This section will utilize data from the Annual Survey of Industries (ASI)<sup>3</sup> to assess the trends in contractualization between the periods 2005-06 and 2015-16. Using the Economic and Political Weekly Research Foundation's India Time Series (EPW-RFITS) ASI concorderd series, the analysis will limit its focus to organized manufacturing firms at the 2-digit level to highlight key trends in the number of contract workers vis-à-vis directly hired/permanent employees, the difference in their wage shares, and divergence in wages between such regular workers and supervisory/managerial staff. In the process, it will attempt to build on earlier findings where the dataset was limited to 2011-12 while highlighting key findings from the same (Kapoor & Krishnapriya 2017). It will also compare the growth rates of firms' net spending on provident fund and other employment benefits which exist to provide economic and social security to permanent workers.

Assessing 18 directly comparable industry segments after the revision of National Industrial Classification (NIC) codes in 2008, it is evident that almost all segments have witnessed marginal or significant increases in employing contract workers. Kapoor and Krishnapriya (2016) have earlier segmented industries into either capital or labour intensive (Ibid: 13). Capital intensity is defined as 'the ratio of real net value of plant and machinery to total workers (both directly

employed and employed through contractors)'. An industry is labour intensive if its capital intensity lies below the median value for the manufacturing sector as a whole between 2000-01 and 2011-12. Industries with NIC codes 12-16, 25, 28 and 30 are classified as labour intensive. Those with NIC codes 17-24 and 29 are classified as capital intensive. The rest are classified as ambiguous.

The inference from this segmentation is instructive. It can be seen that capital intensive industries seem to have hired greater numbers of contract workers. This is counter-intuitive since it should have been labour intensive industries hiring such workers in order to circumvent rigid labour regulations. In Table 6.1 below, the share of contract workers in any industry corresponds to the decrease in the share of permanent ones in any industry segment. The largest increases in the share of contract workers over the decade between 2005-06 and 2015-16 has been recorded for NIC19 (manufacture of coke, refined petroleum products and nuclear fuel) at 21.13 percent and NIC 29 (manufacture of motor vehicles, trailers and semi-trailers) at 18.17 percent.

The share of contract workers has declined in a number of labour intensive industries, including NIC 12 (manufacture of tobacco



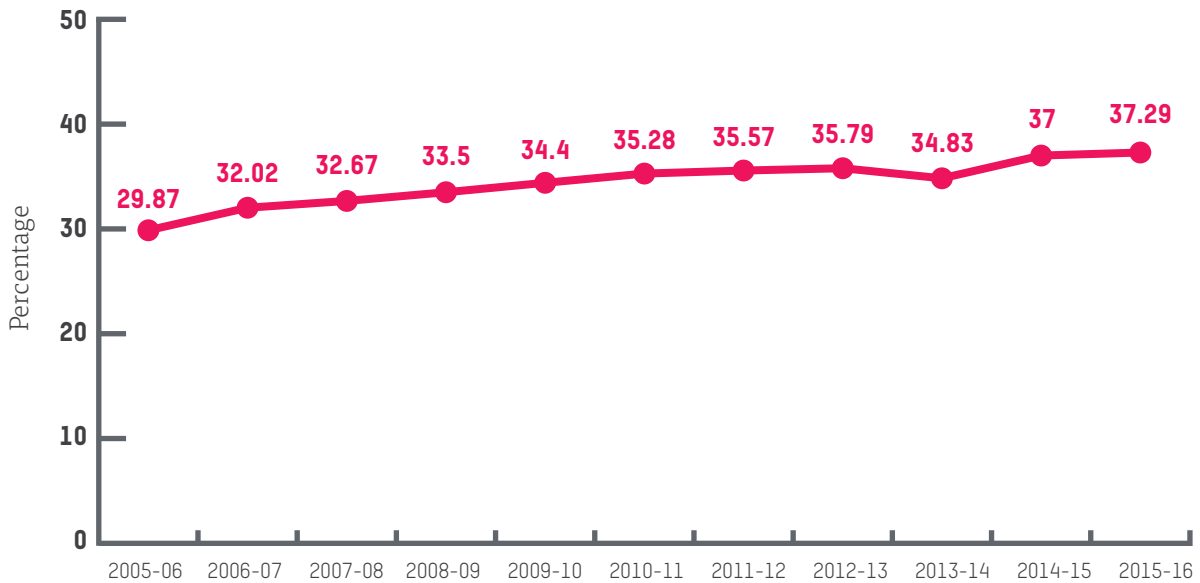
<sup>3</sup> The ASI is conducted by the Central Statistics Officer (CSO) under the Ministry of Statistics and Programme Implementation (MoSPI).

products) and NIC 14 (manufacture of wearing apparel) by a little more than 12 percent and almost 2.5 percent. The only labour intensive industry where contractualization seems to have increased significantly is NIC 30 (manufacture of other transport equipment) at almost 18 percent. Among those industries classified as ambiguous, NIC 27 (manufacture of electrical machinery) shows a significant rise of 13.3 percent.

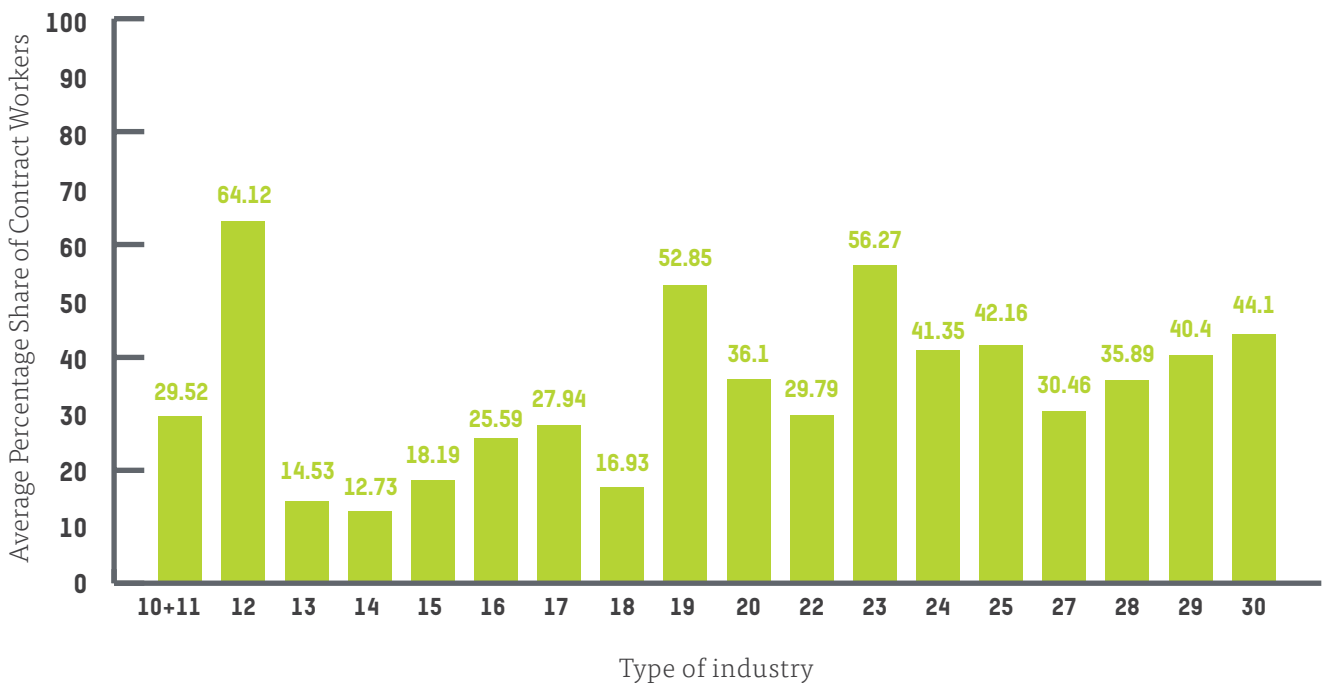
**TABLE 6.1 SHARE (%) OF CONTRACT WORKERS IN TOTAL WORKERS BY INDUSTRY**

NIC	INDUSTRY	2005-06	2015-16	DIFFERENCE
<b>10+11</b>	Mf of food products and beverages	26.16	31.14	4.98
<b>12</b>	Mf of tobacco products	68.34	56.28	-12.06
<b>13</b>	Mf of textiles	12.52	16.09	3.57
<b>14</b>	Mf of wearing apparel	13.26	10.87	-2.39
<b>15</b>	Mf of leather and leather-related products	19.87	19.42	-0.45
<b>16</b>	Mf of woodland products of wood and cork, except furniture; Mf of articles of straw and plaiting materials	24.24	23.68	-0.56
<b>17</b>	Mf of paper and paper products	27.24	29.97	2.73
<b>18+58</b>	Mf of printing and reproduction of recorded media and publishing activities	10.48	18.45	7.97
<b>19</b>	Mf of coke and refined petroleum products and nuclear fuel	44.14	65.27	21.13
<b>20</b>	Mf of chemicals and chemical products	31.22	41.98	10.76
<b>22</b>	Mf of rubber and plastic products	24.16	35.60	11.44
<b>23</b>	Mf of other non-metallic mineral products	49.24	61.58	12.34
<b>24</b>	Mf of basic metals	33.74	45.14	11.4
<b>25</b>	Mf of fabricated metal products, except machinery and equipment	39.74	41.93	2.19
<b>27</b>	Mf of electrical machinery and apparatus n.e.c.	28.01	41.33	13.32
<b>28</b>	Mf of machinery and equipment n.e.c.	22.71	33.78	11.07
<b>29</b>	Mf of motor vehicles, trailers and semi-trailers	30.79	48.96	18.17
<b>30</b>	Mf of other transport equipment	31.84	49.69	17.85
<b>TOTAL</b>		<b>29.87</b>	<b>37.29</b>	<b>7.42</b>

Source: Author's calculations using ASI time series data (EPW-RFITS)

**FIGURE 6.1 TOTAL GROWTH IN PERCENTAGE OF CONTRACT WORKERS IN FORMAL MANUFACTURING**

Source: Author's calculations using ASI time series data (EPW-RFITS)

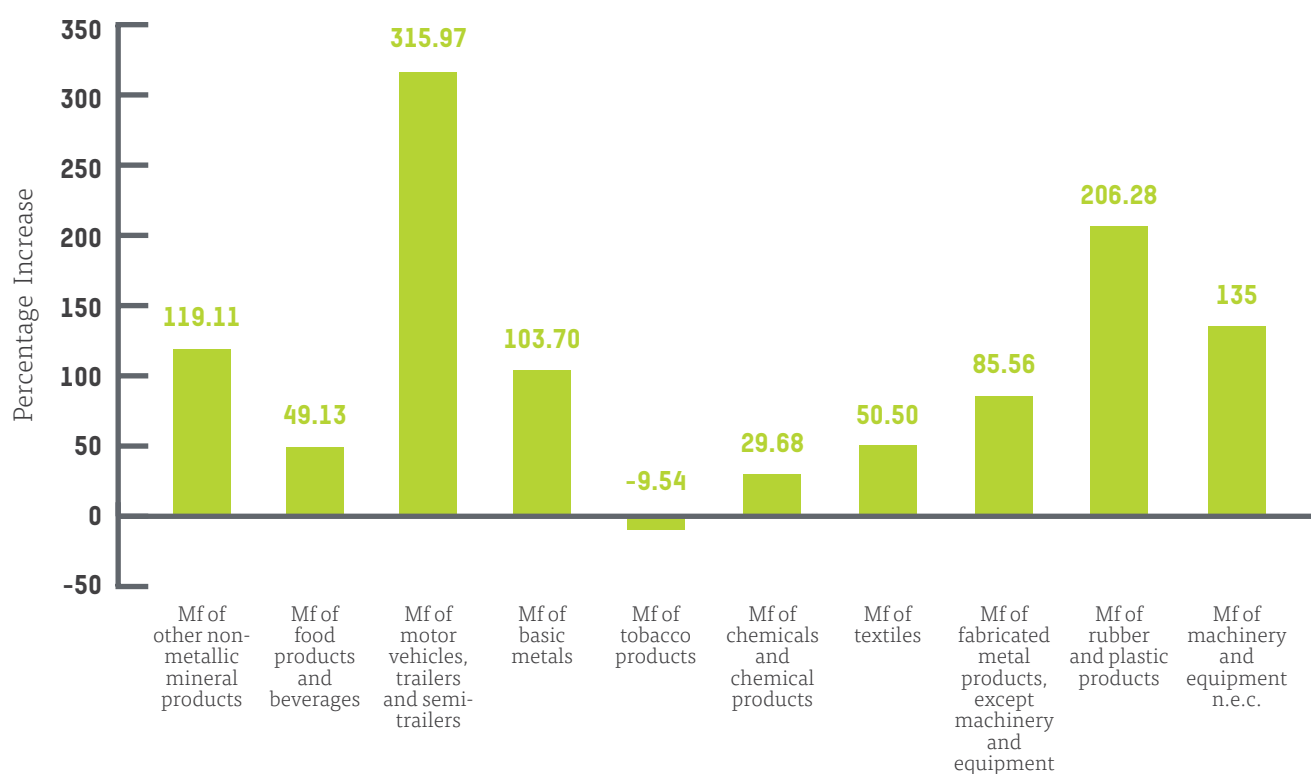
**FIGURE 6.1.1 DECADAL AVERAGE 2005-06 TO 2015-16**

Source: Author's calculations using ASI time series data (EPW-RFITS)

The increase in the share of contract workers among total workers in organized manufacturing between 2005-06 and 2015-16 is interesting but which industries hire the largest number of contract workers? Figure 6.2 shows the trends in contractualization across the 10 leading industries in terms of the number of hired contract workers. NIC 23 (manufacture of non-metallic mineral products) ranks highest both in terms of the number of contract workers hired as well as in terms of the increase in the absolute

number of contract workers in any industry segment. NIC 29 (manufacture of motor vehicles etc.) follows this industry in terms of the number of contract workers added between 2005-06 and 2015-16. Both industries are classified as capital intensive. The only labour intensive industries which make it to this list are NIC 12 (manufacture of tobacco products) which shows a declining trend, NIC 25 (manufacture of fabricated metal products), and NIC 28 (manufacture of machinery and equipment).

**FIGURE 6.2 TRENDS IN TOP 10 CONTRACT LABOUR HIRING INDUSTRY SEGMENTS (2005-06 TO 2015-16)**



**Source:** Author's calculations using ASI time series data (EPW-RFITS)

Kapoor and Krishnapriya (Ibid.: 18) find that wages of contract workers, while lower than those of directly hired workers, grew much faster for the former between 2000-01 and 2011-12. Interestingly, the wage differential ratio between

contract workers to directly employed workers increased from 0.63 to 0.76 over the decade, indicating a reduction in the wage gap. They find this 'puzzling' since, theoretically, with an increase in wages of contract workers, namely

permanent workers, the share of the former should decline. Among the possible explanations for the trend is that firms are incentivized to hire contract workers to curb the bargaining power of permanent workers. This depresses the wages of the latter and, effectively, reduces the wage gap. Thus, the net effect is two-fold, whereby, not only do contract workers receive lower wages (direct effect) but also suppress the bargaining capacity for higher wages for directly hired workers (indirect effect).

Within industries at the 2-digit level, wage ratios between contract and regular workers appeared to be widespread. In industries such as textiles, wearing apparels, leather, wood products, etc. the wages paid to contract workers were higher than those paid to regular workers. The authors observed that this could be due to such workers being assigned specific tasks or possessing specific skills. Wage ratios of contract workers to regular workers are presented below in Table 6.2.

**TABLE 6.2 RATIO OF CONTRACT WORKER TO PERMANENT WORKER WAGES BY INDUSTRY**

NIC ('04/'08)	INDUSTRY	2000-01	2011-12
15/10+11	Mf of food products and beverages	0.72	0.87
16/12	Mf of tobacco products	0.67	0.52
17/13	Mf of textiles	0.81	1.06
18/14	Mf of wearing apparel	1.25	1.01
19/15	Mf of leather and leather-related products	1.01	0.99
20/16	Mf of woodland products excluding furniture	1.03	1.06
21/17	Mf of paper and paper products	0.62	0.78
23/19	Mf of coke and refined petroleum products and nuclear fuel	0.25	0.45
24/20	Mf of chemical and chemical products	0.49	0.60
25/22	Mf of rubber and plastic products	0.69	0.81
26/23	Mf of non-metallic mineral products	0.59	0.60
27/24	Mf of basic metals	0.51	0.50
28/25	Mf of fabricated metal products except machinery & equipment	0.55	0.72
29/28	Mf of machinery and equipment n.e.c.	0.50	0.63
31/27	Mf of electrical machinery	0.41	0.56
34/29	Mf of motor vehicles, trailers and semi-trailers	0.41	0.52
35/30	Mf of other transport equipment	0.63	0.68

Source: ASI unit-level data as in Kapoor and Krishnapriya (2016)

The ILO, which has deconstructed the labour market differently, found that between 2004-05 and 2011-12, overall real average daily wages rose to INR 513 from INR 430. When disaggregated for the three segments (see Table 6.3), however, the picture that emerges is worrying given the trend of growing contractualization. The growth of wages

for regular formal employees grew from INR 545 to INR 750 per day, an increase of 38 percent. The wages for regular informal workers grew from INR 315 to INR 411 per day, a rise of 31 percent. The real average daily wage for casual workers grew by 22 percent from INR 113 to INR 138.

**TABLE 6.3 AVERAGE DAILY REAL WAGES BY WORKER SEGMENT (2004-05 TO 2011-12)**

TYPE OF WORKER	2004-05	2011-12
<b>Formal regular</b>	545	750
<b>Informal regular</b>	315	411
<b>Casual</b>	113	138
<b>TOTAL</b>	<b>430</b>	<b>513</b>

*Source: ILO estimates based on NSSO's Employment Unemployment Surveys*

Hence, while wages across all three segments went up, the daily wage differential between casual workers and regular informal workers stood at INR 273 while that of the former and permanent employees was INR 612. In other words, in organized manufacturing, casual labourers earned 5.4 times and almost 3 times less than those employed as regular formal and regular informal employees. Bhandari and Heshmati (2006) explain the wage gap between the two tiers of employees on the basis of productivity differences and firms' cost cutting strategies. The first depends on a worker's capabilities in terms of education, skills, work experience, etc., which the analysis does not find to be dominant factors in the wage gap. The authors demonstrate that the second avenue is far more attributable to the disparity in wages since firms require labour flexibility to achieve both employment flexibility and cost adjustment goals.

Recent literature has also focused on wage disparity between regular workers (both permanent and contract workers) and supervisory/managerial staff. The latter tends to be on the upper end of the wage scale. Duménil and Lévy (2004) trace the roots of income inequality to a rise in the managerial class which grew over the era of globalization and financial sector dominance. In India's organized manufacturing sector, the growth of this class is captured in Table 6.4.

Seven out of the 18 industries assessed here have seen a near doubling of the number of managers or supervisory staff between 2005-06 and 2015-16. The corresponding increase in the number of workers hired has kept pace in all but two of these industries, that is, NIC 23 and 25. Only two industries saw a reduction in the managerial class, that is, NIC 12 and 20, which also saw fewer workers being added to the total workforce. The largest increase has been recorded in NIC 29.



When read in conjunction with the fact that the segment ranks second in terms of the number of contract workers hired over the decade and in the share of contract workers in its workforce, the segment's demand for more technical and skilled professionals with increasing automation in vehicle manufacturing is evident (Narsimhan 2018).

**TABLE 6.4 TRENDS IN NO. OF MANAGERIAL/SUPERVISORY STAFF V. ALL WORKERS**

NIC	NO. OF SUPERVISORY & MANAGERIAL STAFF ('05-06)	NO. OF SUPERVISORY & MANAGERIAL STAFF ('15-16)
10+11	90657	144980
12	6637	6075
13	87191	105023
14	33735	63781
15	12318	24941
16	5600	9699
17	18295	24917
18+58	17262	21408
19	9921	21619
20	113028	95736
22	33417	66700
23	42952	81005
24	78960	112541
25	38207	69935
27	71084	104054
28	36210	66171
29	45575	101225
30	21314	33376

**Source:** Author's calculations using ASI time series data (EPW-RFITS)

**FIGURE 6.3 TRENDS IN NO. OF MANAGERIAL/SUPERVISORY STAFF V. ALL WORKERS (2005-06 TO 2015-16)**

**Source:** Author's calculations using ASI time series data (EPW-RFITS)

Across 17 industry segments – NIC 12 was an outlier with one manager for 80 workers – workers tended to outnumber managers/supervisors 8 to 1 in 2015-16. While a premium is to be expected for supervisory positions owing to the specific skills required, the disparity between salaries accruing to managers and workers is notable. Table 6.5 shows the difference in the pace of growth or decline of the wage shares accruing to workers and managerial staff and seems to align with the global narrative of a large wage gap between the two classes.

Overall, the average of the share of wages accruing to supervisors increased to 28.6 percent in 2015-16 from 22.8 percent a decade prior, a rise of nearly 6 per cent. Over the same period, the wages of workers – who, as stated earlier,

outnumber managers 8 to 1 – fell to 43.2 percent of the wage bill from 45.1 percent in 2005-06, that is, by almost 2 percent. The wage share of the managerial class grew across all 18 industries in the decade under consideration whereas the share accruing to workers fell in 14 of these industries.

This could be explained by the gradual preponderance of contract workers across almost all segments, a fact bolstered by overall workers increasing across most segments (Table 6.4) but with lesser wages accruing to them. Typically, for contract workers, the salary does not include additional benefits such as provident fund, gratuity and healthcare, which are provided to permanent workers. Increasing informalization

**TABLE 6.5 SHARE OF WAGES TO MANAGERS/SUPERVISORS V. WORKERS (2005-06 TO 2015-16)**

<b>NIC</b>	<b>SHARE OF WAGES TO MANAGERS/ SUPERVISORS (2005-06)</b>	<b>SHARE OF WAGES TO MANAGERS/ SUPERVISORS (2015-16)</b>	<b>SHARE OF WAGES TO WORKERS (2005-06)</b>	<b>SHARE OF WAGES TO WORKERS (2015-16)</b>
<b>10+11</b>	17.69	26.24	47.36	44.17
<b>12</b>	8.47	10.94	66.44	64.66
<b>13</b>	15.42	21.01	57.16	54.98
<b>14</b>	18.19	20.91	54.59	54.36
<b>15</b>	15.90	22.11	56.57	52.42
<b>16</b>	22.37	28.89	49.49	43.83
<b>17</b>	21.55	28.31	47.58	44.48
<b>18+58</b>	27.12	30.30	29.12	31.07
<b>19</b>	21.45	34.81	42.12	35.76
<b>20</b>	29.65	36.39	30.56	33.41
<b>22</b>	24.46	29.63	45.01	43.85
<b>23</b>	22.60	29.02	46.69	45.70
<b>24</b>	25.14	28.86	43.37	44.27
<b>25</b>	25.58	31.09	43.81	43.40
<b>27</b>	30.6	39.04	33.33	29.36
<b>28</b>	28.82	35.37	36.40	36.82
<b>29</b>	28.41	31.74	39.86	35.75
<b>30</b>	26.08	29.89	42.59	39.39
<b>TOTAL</b>	<b>22.75</b>	<b>28.59</b>	<b>45.11</b>	<b>43.20</b>

**Source:** Author's calculations using ASI time series data (EPW-RFITS);

**Note:** Workers are defined to include all persons employed directly or through any agency whether for wages or not and engaged in any manufacturing process or in cleaning any part of the machinery or premises used for manufacturing process or in any other kind of work incidental to or connected with the manufacturing process or the subject of the manufacturing process. Labour engaged in the repair and maintenance, or production of fixed assets for factory's own use, or employed for generating electricity, or producing coal, gas etc. are included. This calculation leaves out working proprietors and their family members who are actively engaged in the work of the factory even without any pay, and the unpaid members of the co-operative societies who worked in or for the factory in any direct and productive capacity (See pp. 4-5, ASI explanatory note)

allows manufacturing firms to scale back its wage bill and reinvest its savings into what it considers more worthwhile avenues.

Finally, given the lack of social and economic protection offered to contract workers, it is worthwhile to delve into the trends in spending on provident fund (PF) and other benefits in organized manufacturing. Table 6.6 shows the figures between 2005-06 and 2015-16 on benefit spending (includes PF, pension, gratuity, etc.) and employers' contribution towards 'other social security charges' including employees' state insurance, compensation for work-related injuries, PF-linked benefits, retrenchment and lay-off benefits.

The table takes into account only directly hired workers and as such represents a simplified overview of benefits spending by firms since some contract workers may also be covered under such provisions. The amount spent by firms in an industry segment on such provisions is divided by the number of directly hired workers in the year under consideration to provide an insight into per capita benefits expenditure by that particular segment.

While outlays on PF and other benefits have clearly increased over the decade under assessment, overall annual per capita expenditure remains low. This is particularly true of most labour intensive industries (NICs 12-16) although some, for example, those involved in manufacturing fabricated metal products (NIC 25), machinery and equipment (NIC 28), and other transport equipment (NIC 30) fare better. Clearly, capital intensive industries, which tend to hire more technically-skilled labour have larger per capita spends on social security although it is arguable whether even in such industries – with the exception of NIC 19 (manufacture of coke,

refined petroleum products and nuclear fuel), NIC 20 (manufacture of chemicals and chemical products), NIC 24 (manufacture of basic metals), and NIC 29 (manufacture of motor vehicles, trailers and semi-trailers) – the outlays are significant enough to ensure social protection for directly employed workers.

Thus, while wages have grown and social security outlays have increased in India's organized manufacturing sector, the difference between real wages earned at the top and by those at the bottom continue to be significant, both between permanent and contract workers, and between workers and managerial/supervisory staff. With contractualization offering greater flexibility in terms of hiring and firing of labour and with a greater focus on capital and technology in manufacturing, the trend of substituting permanent workers by contracted ones is likely to continue to be more appealing to manufacturing firms in the race for greater profits and savings, reinvestment in capital and technological inputs, and to keep pace with sectoral competition.

## 6.4 TO MAKE THE INDIAN GROWTH STORY REAL

Formal manufacturing firms could reasonably justify the growing shift towards contract workers on the basis of required flexibility to adapt to rapid economic considerations. However, lower wages provided to such workers with little to no social security coverage as well as the growing share of wages accruing to the managerial class appears to be furthering a race to the bottom of the wage ladder. This can ultimately adversely affect vertical mobility for Indian workers. Further, the erosion in bargaining power for permanent workers as a fallout of the changing dynamics of India's labour market is a dimension that requires

**TABLE 6.6 PER WORKER PF AND OTHER BENEFITS SPENDS ACROSS INDUSTRIES (2005-06 V. 2015-16)**

<b>NIC</b>	<b>PF &amp; OTHER BENEFITS (IN RS LAKH) (2005-06)</b>	<b>PF &amp; OTHER BENEFITS (IN RS LAKH) (2015-16)</b>	<b>NO. OF DIRECTLY EMPLOYED WORKERS (2005-06)</b>	<b>NO. OF DIRECTLY EMPLOYED WORKERS (2015-16)</b>	<b>PER CAPITA SPEND (IN RS) (2005-06)</b>	<b>PER CAPITA SPEND (IN RS) (2015-16)</b>
<b>10+11</b>	1098	3754	806797	941066	136.09	398.91
<b>12</b>	152	372	141560	214367	107.37	173.53
<b>13</b>	1335	3021	998506	1121290	133.70	269.42
<b>14</b>	439	1918	406061	825873	108.11	232.23
<b>15</b>	128	757	117487	261298	108.95	289.71
<b>16</b>	33	136	32344	50859	102.03	267.41
<b>17</b>	275	801	100818	136804	272.77	585.51
<b>18+58</b>	315	628	76874	92457	409.76	679.23
<b>19</b>	479	1810	36779	38441	1302.37	4708.51
<b>20</b>	2305	3814	385744	314253	597.55	1213.67
<b>22</b>	404	1887	184455	325691	219.02	579.38
<b>23</b>	606	1865	239429	317306	253.10	587.76
<b>24</b>	1783	5412	323491	407425	551.17	1328.34
<b>25</b>	496	1781	174809	296218	283.71	601.25
<b>27</b>	1345	4012	244401	330069	550.33	1215.50
<b>28</b>	748	2179	143778	219125	520.25	994.41
<b>29</b>	1218	6464	191033	368509	637.59	1754.10
<b>30</b>	483	1212	105208	120563	459.09	1088.23

**Source:** Author's calculations using ASI time series data (EPW-RFITS)

greater scrutiny. The phrase ‘jobless growth’ is oft repeated in the context of India’s growth story. This may not strictly be true if absolute numbers are taken as the only consideration. However, as both the analysis in this paper and prior research have shown, there is definitely a case to be made for decent work and fair wages for Indian workers employed in formal manufacturing.

Inclusive growth contributes to a balanced economic system with lower and middle income groups contributing to raising aggregate demand through an expansion in consumption. Fair wages, substantially higher than the ILO’s estimates of INR 143/- per day for casual workers, perhaps rationalized with firms’ profits, would result in less fiscal pressure as well with large-scale redistribution programmes becoming less required. While a national minimum wage may provide workers with financial security, it could also result in further shrinking formal manufacturing employment and see workers unable to transition out of informal establishments. Decent conditions for work, employment and social security, in line with the vision set out under Sustainable Development Goal 8 in the 2030 Agenda for Sustainable Development, is as important as the provision of a minimum wage.

## 6.5 RECOMMENDATIONS

- State governments must ensure compliance with the Supreme Court judgment (*State of Punjab v Jagjit Singh*; October 26, 2016) which states that contract workers are entitled to be paid a wage equal to permanent workers for the same duties discharged in order to further the principle of ‘equal pay for equal work’.
- The Centre and States should undertake extensive joint consultations with workers, trade unions, business owners/firm representatives, etc. to obtain stakeholder inputs for reforming the Industrial Disputes Act (1947), Contract Labour Act (1970), etc. and for the Centre’s effort to rationalize existing labour regulations.
- Realistically, employment flexibility is likely to remain a core issue for the manufacturing sector going forward. It is proposed that the IDA be amended to guarantee 66 working days’ (3 months) worth of wages to a retrenched worker according to his/her current pay scale in cases where workers are to be laid off. This would allow firms to fire workers to suit its requirements while also being able to avoid seeking government clearances for the same. It would provide the necessary cushion for the worker to be able to utilize the period to explore employment opportunities as well.
- States must set a minimum threshold for organized sector manufacturing firms to absorb contract workers if employed beyond a period of three years. To avoid situations where a worker is removed to simply get around this provision, workers must be paid a fine equivalent to 3 months (66 working days) of their current wages unless the employer, backed by anonymous respondents among workers, can justify the worker’s removal on the grounds of non poor-performance, negligence, etc.
- The process of reforms as far as wages are concerned needs state governments to be provided with greater degree of responsibility and flexibility owing to regional variations in costs of goods and services, living costs, etc. The Centre must behave more as a monitoring

and evaluation body as opposed to being an implementing one.

- Alongside job security, policymakers must mainstream income security for male and female contract (and casual) workers in revisions of existing legislation and/or new labour policies/rules.
- Relevant central and state agencies must ensure compliance by contracting/placement agencies and principal employers to abide by social security provisions, for example, gratuity, maternity benefits, etc. outlined in the Labour Code on Social Security (2018) and to ensure details of all such agencies and workers are available with State Boards.
- In response to changing realities in the production process (for example, rising automation, artificial intelligence, and machine learning) firms must invest between 3 and 5 percent of its total profits in a financial year to re-train/skill its employees to augment accumulated industry-specific skills in order to maintain/increase worker productivity.
- Employee welfare boards comprising representatives from unions, floor workers and firm management must be set up at all manufacturing firms hiring 20 or more workers to deliberate challenges facing any stakeholder and collaborate on proactive responses. This must also be a forum for transparent disclosure as far as wages earned across the firm structure is reported with due space provided for grievance redressal particularly on issues of wage non-payment and divergent earnings between workers and supervisors.

In Chapter 5 (Labour Law Reforms in India: A New Social Contract), a thorough explanation has been provided with regard to the Labour Code on Industrial Relations Bill 2015 (LCIR) going beyond its stated purpose of consolidating multiple statutes including the Trade Union Act (1926), IDA, Industrial Employment (Standing Order) Act (1946) etc. The possible ramifications on collective bargaining have also been delved into deeply in the relevant section of that chapter but it is pertinent to highlight one particular section in the draft bill which may have an impact on collective bargaining.

Section 71 of the LCIR, which addresses prohibition by strikes and lockouts, effectively hurts a worker's statutorily recognized right to strike by extending prohibition to all industrial establishments as opposed to just public service utilities where a notice to strike is important given their importance to the wider economy. First, the language in sub-sections (a) and (b) is confusing in that it is not clear whether the notice of a strike needs to be submitted within the prior six weeks or 14 days. A clarification is required for the same. Secondly, sub-sections (d) through (f) is problematic in that it directly hurts workers by making it illegal to strike after the conciliation process is started. This is in itself an issue with Section 69 stating that the conciliation proceeding will be deemed to have begun 'on the date on which a notice of strike or lock-out is received by the Conciliation Officer.' It does not take into account the fact that workers' should be free to strike on matters that may not be related to the dispute being adjudicated.

This section of the LCIR, thus, needs to be revisited to ensure that collective bargaining is not diluted in the course of amending labour rules.

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# LIVING ON A PRAYER

Kapashera, on the Delhi-Gurgaon border, is home to lakhs of migrant workers from Bihar, Uttar Pradesh, West Bengal—a few from Jharkhand and Madhya Pradesh. The hub, housing over 100 apparel units, is where most of the migrants—men and women—are headed every morning, six days a week, sometimes seven. All of them are contract workers—either in contract with the companies or working through contractors. The majority of the workers fall in the latter category. Then there are the casual or the daily wage workers who head to labour chowks hoping to get picked by a contractor for some work either for the day or for a few days. There are very few permanent workers these days.

The Prime Minister moved to amend labour rules earlier this year to encourage contract jobs (Nair 2018). Though the gazette notification was issued in March 2018, the process of substituting contract workers for regular employees has been going on for years. Contract workers now make up one-third of all workers employed in the formal manufacturing sector (Chakravarty 2018). Driven by the idea of ‘ease of doing business’, this amendment enables job creation but not job security. Due to the ease of hire and fire on the one hand, there is immense exploitation (mental, physical, economical and sexual), and on the other there is unemployment; the latter is not an option for the migrants who have nothing much to fall back on back home.

Although the latest gazette notification states that contractual workers will be eligible for all statutory benefits such as minimum wages, allowances, and other benefits as is available to the permanent employees (Ministry of Labour and Employment Notification 2018), this is far from the ground reality.

‘The daily wage workers / casual workers—unskilled category—are supposed to get Rs 318.40 daily for 9 hours of work. But they are made to work for more than 10 hours and they barely get between Rs 250 - Rs 280,’ says Elizabeth Khumallambam of Nari Shakti Manch that works closely with the women in the garment-manufacturing units in Gurgaon. She adds that exploitation isn’t just limited to the casual workers or contractual workers. ‘Permanent workers are few and are usually skilled workers, yet they do not get the legitimate minimum wages. Instead they are paid wages entitled for semi-skilled workers.’ The workers are regularly called to work on Sundays. This means they should be getting overtime that is double pay, but they don’t. They lose at least a quarter of their salary to the contractor.

Women are at an added disadvantage. Apart from not being paid the legally entitled amount, they are also paid lower than men. ‘Men in the factory are mostly in supervisory roles, packing, ironers, and in the loading section. There are

a few men who work as tailors, cutters and trimmers, but women do most of these jobs. From our experience, we have noticed that there is a wage difference for the same job done by the men and women in the factory. The men are paid a higher wage. For instance, a tailoring job would see a wage difference of INR 300-500 for men and women,' writes Parvathi CM of Cividep-India in an email interaction. Cividep-India is a Bangalore-based organisation that works closely with garment factory workers, especially women. Bangalore is the other big hub of garment manufacturers in India.

Asifa Begum<sup>1</sup>, a migrant from Bihar, has worked at a garment unit for about six years as a contract labourer. She said that she gets about INR 8,000 as her monthly wages but no Provident Fund is deposited by the company.

Though contractual workers are eligible for bonuses, they get nothing but a box of sweets. Some don't even get that, instead they lose their jobs as the usual trend is to downsize right before Diwali on some pretext or the other. 'And soon after, the companies begin hiring because for these export units, October to March is a very busy time,' adds Riyah, a migrant single mother from Jharkhand. Moreover, if a company ever



wants to downsize, it is the women workers who are the first to be axed.

According to estimates, 98 per cent of Indian companies do not provide any healthcare or other social benefits to contract workers. The India Responsible Business Index found only 7 companies out of the top BSE listed 100 companies give health benefits to contract workers, mostly in the form of free health check-ups and health insurance. In fact, instances from the automobile sector, where workers have lost their limbs during some shop floor incident, have had to pay for the treatment (as there is no insurance), lose their jobs, and in some cases even their final salary.

Insurance and maternity benefits, according to law, is the responsibility of the principal employer. Contractualisation of labour has enabled companies to conveniently pass the buck

<sup>1</sup> Names have been changed.

to the contractors who bring the workers to these companies and hence are deemed as principal employer and the contractors never pay, barring a couple of big contractors, but they are few and far between. They most certainly do not pay for maternity benefits. Once they know that a woman is pregnant, they let go of the worker on some pretext or the other.

‘There are many contractors. The big contractors are companies who supply manpower. Then there are many small contractors who are unlicensed and unregistered and do not follow any rules. The problem is when the bigger contractors subcontract to unregistered, unlicensed contractors,’ says Amarnath Sharma, general secretary, Garment and Allied Workers Union.

It is different in Bangalore though, where there is a women-led Garment Labour Union (GLU) that works for the rights of its workers. The key difference is the migrant labourers. The women in Bangalore are mostly from Karnataka while, in the factories in Gurgaon, the migrant workers are from Bihar and Uttar Pradesh who have nothing to go back to and cannot take that risk. Locals, from Haryana, are hardly employed. This is to prevent unionizing with local support.

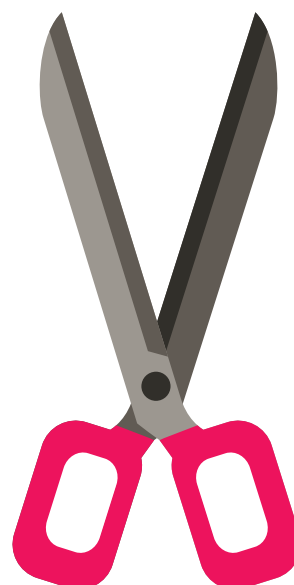
Apart from unequal wages and lack of social security benefits, the women in garment factories have to also face sexual harassment. Whether it is the contractor or the supervisor or even some of the male co-workers, the sexual harassment and innuendoes is rampant and horrifying.

The internal complaints committee or the Vishakha committee and the so-called ‘welfare committees’ in most companies are a complete sham.

The women are loath to talk about the issue or confront authorities or families. If they rake up

the issue with the contractor or supervisor, they will lose their jobs and be blacklisted as a mischief-maker. If they tell their husbands, they will be blamed for ‘perhaps asking for it’. There is also the concern of news travelling back to the village and the fear of a loss of reputation. On occasion, when the woman has protested or even hit her perpetrator, she has lost her job and has found it difficult to get another one. So they prefer to take it in their stride and continue working.

In a nutshell, the lack of regulation covering 92 per cent of the workforce means contract workers are at the ‘bottom of the pyramid’ in the Indian economy. Apart from poor health and safety standards, they suffer from excessive working hours, precarious work, sexual and physical exploitation, wages below the legal minimum, lack of paid leave and lack of access to healthcare and social benefits. Working hours are unregulated. There is a substantial wage gap between regular and contract workers. So while the government is trying to make it easy for the companies to do business, it is doing so entirely at the cost of the marginalised and the most vulnerable.



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# 7. THE STATE OF STIGMATIZED EMPLOYMENT IN INDIA

**HISTORICAL INJUSTICES OF LABOURING**

**BY SUMEET MHASKAR**





During the last two years (2017-2018), **ONE** person has died every **FIVE** days while cleaning sewers and septic tanks across the country, according to the National Commission for Safai Karamcharis (NCSK).



According to the Safai Karamchari Andolan (SKA) that campaigns for the elimination of manual scavenging, nearly **1,800** workers have died while cleaning the sewers during the last decade.



According to Census of India 2011, there are **7,94,390** dry latrines in India from which night soil is manually removed. Uttar Pradesh, Jammu & Kashmir and West Bengal together account for 80% of all the dry latrines in the country.



There are about **5 MILLION** full-time-equivalents of sanitation workers that predominantly come from Dalit communities.



About **2.5 MILLION** of the total sanitation workers face high occupational hazards.



**2.5 MILLION** Indian workers in the country's leather industry make shoes and clothes for Western brands.



India has more than **2,000** tanneries that produce more than **2 BILLION** square feet of leather annually, making the nation one of the world's largest exporters of processed leather.



Waste pickers enter the occupation between the ages of **6-8 YEARS** and continue till physically incapacitated. About **10 PERCENT** of waste pickers are child labourers.



In 2016-17, India was exporting buffalo meat to **73** countries across the world and earning almost **US\$ 4 BILLION**.



## 7.1 GROUND REALITIES

On 2 October 2014, the Government of India launched the Swachh Bharat Abhiyan (Clean India Mission) ostensibly to fulfil Gandhi's dream of a clean and hygienic India. To achieve this objective, the central government planned to eliminate open defecation through construction of new latrines, and connecting toilets to the sewers. The media too supported this campaign wholeheartedly. However, both the state machinery and the media remained silent on the working and living conditions of the workforce involved in sanitation work. It was civil society groups such as the Safai Karmachari Andolan (Sanitation Employee Movement) (SKA) led by Magsaysay Award winner Bezwada Wilson who took this opportunity to highlight the plight of manual scavengers and sanitation workers. These civil society organizations drew attention to the inhuman practices of manual handling of human waste and death of sanitation workers who clean sewers. These occupations, overwhelmingly carried out by the Dalits, have abysmal working conditions and expose workers to vulnerable situations and life-threatening diseases due to the handling of various chemicals and gaseous substances. The humiliating nature of sanitation and manual scavenging work has meant that these jobs not only have a low social status but also has a stigma attached to them. There are other stigmatized occupations which have degrading conditions of work. These occupations include butchering, rag picking, scrap metal collection and leather

related work which includes both tanning and the production of leather bags, shoes and wallets. Dalits across religions and backward castes among Muslims are predominantly employed in these occupations. Stigmatised occupations are precarious in nature as they belong to the informal sector, which is where more than 92 percent of the Indian workforce is employed. In addition to the precariousness, however, stigmatized employment is characterized by apathy from the state, mainstream political parties and the society alike. Therefore, a comprehensive policy framework is required that intervenes to either eliminate the stigmatized occupations or transform the nature of work and improve the working and living conditions of those engaged in it.

This chapter examines the state of these stigmatized occupations in India and the interventions made by workers and civil society organizations. I also explore the state's response in terms of policies designed to address the working and living conditions of those engaged in stigmatized occupations. What are the factors that explain the persistence of stigmatized occupations in India? Which are the social groups engaged in each of the stigmatized occupations? What are the factors that prohibit the state and society to put an end to these inhuman and hazardous occupations? To address these questions, this chapter relies on secondary sources such as reports published by government agencies and advocacy groups. It will also use the research work carried out by academics as well as the reporting done by various news agencies.



**LABOURING IN INDIA HAS BEEN HISTORICALLY LINKED WITH SOCIAL INSTITUTIONS SUCH AS GENDER, CASTE AND RELIGION. THESE INSTITUTIONS HAVE PLAYED A CRUCIAL ROLE IN ASSIGNING OCCUPATIONS TO INDIVIDUALS BASED ON THEIR MEMBERSHIP TO THE JATIS (SUB-CASTES) THEY ARE BORN INTO. INDIVIDUAL MEMBERSHIP TO THE JATIS DECIDED WHAT OCCUPATIONS ONE CAN ENGAGE IN AND MOST IMPORTANTLY WHAT ONE CANNOT ENGAGE IN. THE TRANSFORMATIONS IN SOCIAL, POLITICAL AND ECONOMIC SPHERES RESULTED IN THE CONSTANT REWORKING OF THESE INSTITUTIONS. NOTWITHSTANDING THESE TRANSFORMATIONS, SOCIALLY DISADVANTAGED GROUPS CONTINUE TO FACE BARRIERS FROM ENTERING INTO OCCUPATIONS THAT WERE CARRIED OUT BY THE PRIVILEGED SOCIAL GROUPS. AS A RESULT, THE FORMER WERE COMPELLED TO WORK IN STIGMATIZED OCCUPATIONS.**

## **7.2 STIGMATIZED LABOUR, SOCIAL INSTITUTIONS AND THE STATE**

Labouring in India has been historically linked with social institutions such as gender, caste and religion (Deshpande 2011, Harriss-White & Gooptu 2001, Thorat & Newman 2010). These institutions have played a crucial role in assigning occupations to individuals based on their membership to the *jatis* (sub-castes) they are born into. Individual membership to the *jatis* decided what occupations one can engage in and most importantly what one cannot engage in. The transformations in social, political and economic spheres resulted in the constant reworking of these institutions. Notwithstanding these transformations, socially disadvantaged groups continue to face barriers from entering into occupations that were carried out by the privileged social groups. As a result, the former were compelled to work in stigmatized occupations.

Caste as a social institution assigns privileges to certain individuals in the hierarchy who gain access to better paid and 'clean' jobs. Most importantly, they have the flexibility of moving into different occupations unlike Dalits who are at the bottom of caste hierarchy. Due to the immobility of labour between various occupations, 'caste becomes a direct cause of much of voluntary unemployment for the HCs [High castes] and involuntary unemployment for lower castes' (Thorat and Newman 2010: 10). For instance, high caste Hindus will voluntarily remain unemployed rather than opt for jobs that are considered ritually defiling and polluting. The most prominent example of unclean, 'polluting' and therefore stigmatized occupation is the case of manual cleaning of the night soil, septic tanks and sewers. The unwillingness of high caste Hindus to opt for these occupations results in

voluntary unemployment (Ibid.). In recent years, high caste Hindus have been reportedly working as sanitation workers in various municipalities with permanent contracts. However, it has been observed that the high caste Hindu sanitation workers 'have the government job and reap all the benefits' but hire Dalits to 'do the actual work at [a] nominal pay' (Nighoskar 2019).

In contrast to the higher castes, individuals from disadvantaged castes such as the Dalits remain restricted to menial 'unclean' and 'polluting' occupations. The situation of individuals from the Muslim community is quite similar. The social institution of religion combined with lack of access to political patronage and negative emotions among the non-Muslim population forces Muslim individuals to work in a ghettoized economy (Mhaskar 2018). The ghettoized economy 'is a product of the closure and control exercised by the privileged social groups upon the economic choices of the socially marginalised groups'<sup>1</sup> (Ibid.: 30). Thus, for both Dalits and Muslims, lack of mobility between various occupations is a major source of involuntary unemployment (Thorat & Newman 2010: 10). As a result, both Dalits and Muslims are compelled to find livelihood opportunities in a ghettoized economy.

Gender as a social institution keeps women away from accessing equal wages and restricts them to occupations with casual contracts and 'wages bordering on starvation' (Harriss-White & Gooptu 2001: 97). Dalit women face double the discrimination due to gender and caste hierarchy and are forced to take up unclean occupations. In urban areas, it is not uncommon to find that Brahmin or high caste women are preferred for cooking and kitchen work and lower caste,

Dalit or Muslim women are preferred for other domestic work such as washing clothes, cleaning vessels, and mopping floors and toilets (Sharma 2016). It clearly suggests that notion of purity and pollution which are central to the caste system are very much at work in shaping labour markets. Given the barriers, it is not surprising to find a large number of Dalit women in manual scavenging and sanitation work, which are the most stigmatized occupations.

State agencies also play an important role in perpetuating stigmatized occupations. For instance, the work of manual scavenging carried out by Dalits has been banned by the Government of India with the introduction of the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013. This act has two aspects: first, to put an end to such occupations, and second, to rehabilitate these groups who have been compelled to do this work. However, the banning of these stigmatized occupations is complicated by the fact that state agencies time and again have denied the persistence of such practices. Ironically, state agencies such as the Indian railways and the municipal corporations across the country employ manual scavengers (National Commission for Safai Karamcharis 2015). This contradictory nature of the state makes it difficult to put an end to stigmatized occupations as well as to draft a plan to rehabilitate manual scavengers. In the absence of law enforcement mechanisms and no alternative means to rehabilitate manual scavengers, the practices of manual scavenging continue to persist. Moreover, sanitation workers are hired by state agencies on a contractual basis. This is violation of the Contract Labour (Regulation & Abolition) Act, 1970 which prohibits the hiring of

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1 On religion as a social institution shaping occupational choices for Muslims, see Mhaskar 2018.

workforce on contractual basis where the nature of work is perennial in nature.

In addition to manual scavenging and sanitation work, other occupations which fall under the stigmatized category include butchering, leather tanning and the production of leather bags, shoes and wallets. Following this are rag picking, scrap metal collection, most of which is carried out by Muslims and Dalits. Those engaged in these stigmatized occupations are prone to various diseases because of coming in contact with hazardous substances and unsafe environment. For instance, tannery workers often suffer from fever, eye inflammation, skin diseases and lung cancer. In leather factories, deaths of workers due to neglect with protection gear and lack of training are common occurrences.

The state intervention in the leather industry mainly comes in the form of controlling the environmental pollution caused by tanneries but it rarely looks into the conditions of the workforce. Those engaged in butchering occupations such as Qureshi caste Muslims and Khateek caste Hindus had to face unemployment because of the imposition of ban on butchering the cow and closing of several slaughter houses. Lastly, we have waste pickers who can be classified into four categories. First, there are those who carry sacks and collect anything of resale value from open drains and bins. Second, there are *kabadi* or *bhangar* men who go on bicycles and collect from households and then segregate glass, paper, and bottles from plastics. Third, there are those who ride tricycles and collect almost 50 kg of waste each day and travel long distances to sell them. And finally, those there are workers who work for scrap dealers.

The role of social institutions continues to remain relevant for individual's access to occupational choices. More crucially, the fact that

past discrimination has a bearing upon present day inequalities faced by marginalized groups is revealed by the ghettoization of occupational choices for socially marginalized groups. State agencies too have contributed to the perpetuation of these inequalities by failing to provide quality education and access to various resources to these historically disadvantaged groups. Studies have also shown that in addition to the barriers in the labour market, Dalits and Adivasis lag far behind as owners of capital (Harriss-White 2014, Jodhka 2010, Prakash 2015, Thorat, Kundu, & Sadana 2010, Vidyarthi 2014). This is despite the fact that following India's independence the newly adopted constitution abolished the practices of untouchability and prohibited discrimination on the basis of caste, religion, gender, language or region. It then clearly suggests that legal provisions have not radically altered everyday socio-economic relations which continue to work towards the disadvantage of Dalits, Adivasis, as well as Muslims as noted by the Sachar committee (Sachar 2006). Therefore, a comprehensive policy framework is required to address structural inequalities.

## 7.3 THE INDUSTRY AND ITS WORKFORCE

The scale of workforce employed in stigmatized occupations is enormous and each of the industries hold significant positions in the economy. For instance, in India there are 'more than 2,000 tanneries that produce more than 2 billion square feet of leather annually, making the nation one of the world's largest exporters of processed leather' (Price & Price 2017). In terms of its spatial location, Tamil Nadu with an estimated 60 to 70 percent of leather production is a major centre for leather and leather goods in the country. The rest is carried out in Agra, Kanpur and Kolkata. In terms of the size of the

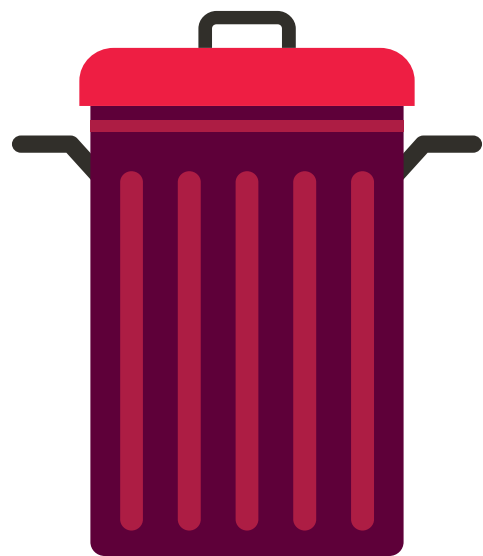
workforce, nearly 2.5 million labourers work in the leather industry making it one of the most labour intensive industries in the country (Hoefe et al. 2017: 5). As for the social composition, Dalits share in the total leather workforce is about 46 percent, indicating their significant overrepresentation in the industry (Basole et al 2018: 134).

The number of families in rural India involved in manual scavenging work is more than 180,000, noted the 2011 Socio-Economic and Caste Census. In this occupational group, the workforce is predominantly that of various Dalit communities. The 2011 census too identified nearly 26,07,612 dry latrines where human excreta is removed by a person manually. However, these figures are still underreported and subject to debate due to flaws in the survey highlighted by various civil society organizations. Several states in India have not even conducted mandatory surveys despite the fact that they obtain funds from the central government meant for the welfare of manual scavengers. Labour organizer S.A. Azad who runs the People's Right and Social Research Centre sought to gather information on manual scavenging through the Right to Information from municipal corporations, police stations and social justice departments across the country. Some of those who replied to Azad's application informed that they have not conducted the survey. Others either provided extremely low figures or entirely denied the presence of manual scavenging.

The Indian railways too has been in denial about the employment of manual scavengers due to which there is unavailability of exact figures. The railways has a network 63000 kilometres and about 13,000 trains runs on everyday basis which is used by nearly 13 million passengers (National Commission for Safai Karamcharis 2015: 3). However, across the country, with the exception for a few trains, no modern technology

toilets are used which then 'requires the use of manual scavengers to clean the human excreta which is directly discharged on to the railway track' (Ibid: 3). Following the railways, there are sewers and septic tanks which have reported death of manual scavengers. An estimated figure published by the Asia Dalit Rights Forum suggests that there are about 770,338 manual scavengers across the country (Edwin, Johns, & Nikarthil 2017: 26). To conduct enumeration of manual scavengers, the state will have to create guidelines similar to the census enumeration, whereby providing false information under the Citizenship Rules 2003 is a punishable offence. This exercise will enable the state to gather exact figures of persons engaged in manual scavenging and the places where these practices persist. This information is necessary for devising policies for the eradication of manual scavenging as well as rehabilitating those who are currently engaged in the work.

Following manual scavengers, the scrap trade and reprocessing industry is known for its annual turnover running into several hundred crore rupees (Chikarmane & Narayan 2000: 3640). Rag pickers who run this economy are estimated between 1.5 million and 4 million (Bose & Bhattacharya 2017). The huge disparity in the estimate is probably due to the fact that rag pickers are considered as 'self-employed'. The



waste pickers walk up to 10-12 kilometres each day carrying about 40 kilos of load on their heads retrieving 'paper, plastic, metal, glass, bones, bottles and rags from garbage bins and dumps' (Chikarmane & Narayan 2000: 3639). The segregation and recycling of the waste done by rag pickers is in fact a function of the municipal corporations. Rag pickers themselves are aware about their contribution in 'reducing pollution, maintaining city cleanliness, and preventing the spread of diseases, even at a risk to themselves' (Dias & Samson 2016: 3-4). The view from rag pickers' standpoint was succinctly articulated by one of the participants at a meeting in the following manner: 'So much difference we make! They get a clean city without paying us a paisa. The gutters would be blocked with their damn plastic bottles without us. Then everyone would come running to the corporation to shout and complain' (Ibid.: 3-4). As in the previously mentioned occupations, the social composition of the workforce consists of individuals from Dalits across religions and backward caste Muslim. Several studies have documented the presence of child labour in general and homeless children in particular in rag picking occupations. The employment of children in rag picking is a violation of the Child Labour (Prohibition and Regulation) Act, 1986. However, in contrast to several occupations involving child labour, rag picking is seen as a form of self-employment whereby children work with their parents and not under any employer.

Last, the butchering industry refers to the slaughtering of cattle, buffalo and poultry meat. The 2016-17 figures of the overall meat production are provided in a report published by the Department of Animal Husbandry. The report informs us that the share of cattle meat is merely 5 percent, buffalo meat constitutes about 23 percent and poultry meat contributes 46 percent to the total meat production in the

country (Dutta 2017). It is the area of beef export that India stood first in 2014 but in the year 2016 it was similar to Brazil (Ibid). The report by the Wall Street estimates beef exports from India constituted \$4 billion business annually (Ibid). The butchering of all meat has a stigma attached to it. Since 2014, however, the ban on the sale and consumption of beef in several Indian states with militant Hindutva leanings has also made the butchering of buffaloes an illegal and therefore criminalized occupation (Punwani 2015). Such decisions by the state governments has adverse consequences for this business and the livelihood of those dependent on it in a significant way (Contractor 2018)2018. Muslim and Dalit communities who are dependent upon these occupations are also at the receiving end by the cow vigilantes, who have implicit protection from the state machinery (Bhattacharjee 2019). The cow vigilantes under the pretext of 'cow protection' have unleashed a series of violent attacks against Dalits and Muslims. At times, these attacks by the cow vigilantes have taken the form of mob lynching of Muslim individuals (Abraham & Rao 2017).

## 7.4 WORKING CONDITIONS

All the stigmatized occupations discussed above fall in the informal economy. An exception is in the case of sanitation workers, a tiny minority among whom is part of the organized workforce. As per the Contract Labour (Regulation and Abolition) Act, 1970 employers are required to hire labour on a regular employment basis for jobs that are perennial in nature. Given the fact that sanitation work is perennial in nature, the overwhelming majority of sanitation workers should have been part of the organized workforce. However, state authorities in connivance with contractors have found ways to defy contract labour regulations and hire majority of the

sanitation workforce on a contractual basis. For instance, the contract labour regulations are applicable to establishments that hire more than 20 workers. To bypass this provision, the Mumbai municipal corporation has been outsourcing sanitation work to over 200 contractors who hire less than 20 workers (Johari 2017). Although hired on contractual basis, sanitation workers have the right to demand permanent employment if they were engaged continuously for 240 days under the Industrial Disputes Act of 1947. This provision too is by-passed as contractors hire workers for 210 days and then subsequently hire them on a new contract (Ibid).

Due to the contractual arrangement, sanitation workers are then deprived of all other social security benefits that are available to a regular employee such as paid leave, gratuity, bonus, medical facilities and retirement benefits. One, therefore, encounters sanitation workers and manual scavengers with lower wages. At times, there is a great deal of disparity among them too. For instance, a permanent sanitation worker of the municipal corporation draws a monthly salary of say INR 25,000 (Johari 2017). The same employee, after working for nearly 15-20 years, draws a monthly salary that ranges from INR 90,000 to INR 120,000 per month as per the seventh pay commission. In addition to salary, permanent workers are also eligible for wide-ranging social security benefits. On the other hand, the contract workers are paid on a daily basis and the salary can range between INR 6000 to INR 11,000 per month (Sinha & Kumar 2018: 2-3). Besides, as contract workers, it is a complicated process for them to claim compensations in case of death, especially while cleaning sewers.

The employment conditions of rag pickers are complicated by the fact that they are considered self-employed and therefore there is no legal relationship between the scrap collector, who are

at the lowest rung in the urban informal economy, and the municipality or its traders (Chikarmane & Narayan 2000: 3640). This is despite the fact that some of the waste picking activity is organized through contractors (WEIGO). As a result, their work is not legally recognized, and it is not uncommon for the waste pickers to experience 'abuse, unwarranted suspicion and harassment from the police, municipal workers and citizens' (Ibid.: 3640). In terms of their earnings, on an average waste pickers earn about INR 50 per day. A study on the Delhi waste pickers found something unusual. A section of the waste pickers belonging to a village in the eastern Uttar Pradesh had registered themselves under the National Rural Employment Guarantee Scheme (NREGA). A few of them even returned to claim the 100 days guaranteed employment under the scheme (Chaturvedi et al. 2009: 9-13). While the proportion is small it is nonetheless an interesting finding as to what the state led employment programmes can achieve.

The working conditions of workers in the butchering and leather industry is more or less similar to what has been explained so far. In the case of leather industry, the Factories Act, 1948 prohibits women and children from working in these industries. However, employers have been flouting these regulations resulting in an illegal expansion of the leather industry where women belonging to Dalit castes are hired. Given the illegality involved in the hiring, the employees are neither in a position to claim legal protection nor any other benefits under welfare schemes offered by the central, state or local governments (Nihila 1999: WS23-24). Besides, the wages women receive are consolidated and they do not receive any additional payment for any extra work done by them. As for butchering, the spatial location for these occupations have almost always been on the fringes of the locality. The rapid expansion of cities in the 20th century

has meant that the slaughter houses increasingly acquired central spaces and were gradually shifted to the outskirts. As mentioned earlier, the ban on beef in several Indian states have complicated this situation further.

All the occupations explained above have undergone transformations. One of the ways of improving working conditions has been the mechanization of work. While this seems like a way ahead, it is at times met with hostility by the workers themselves due to the fact that the introduction of such technologies do not accompany alternative jobs for the potentially redundant workers. Moreover, the technological transformation of occupations has little if any positive bearing for the workforce. In some cases, such as the use of chemicals for tanning the leather resulted in health complications for the workforce. This aspect is explored in the following section.

## 7.5 HEALTH IMPLICATIONS FOR THE WORKFORCE

It is by now established that the working conditions of individuals working in stigmatized occupations are abysmal with no social security benefits. In addition to these vulnerabilities, the stigmatized workforce undergoes several health problems. I will begin with sanitation work which has acquired mainstream media attention over the past few years. The most appalling health related vulnerabilities are faced by manual scavengers. This is especially the case with workers who clean sewers and are hired by municipal corporations across the country. In that sense, the state itself is directly complicit in these work related deaths. The death of sanitation workers while cleaning sewers is almost a regular occurrence. Sanitation workers work inside the sewers, and are exposed to methane and sulphureted hydrogen instead

of oxygen, 'which acts in a similar manner to cyanide, with reversible inhibition of the respiratory enzyme cytochrome oxidase' (Ranjan, Prasad, & Goel 2017: 321). One estimate suggests that the death rate of the workers cleaning sewers is five times more than other urban Indians between the age of 15 and 59 (Lee 2017: 485-86). Workers die due to asphyxiation caused by the intake of harmful gasses during manual cleaning of manholes. According to the Safai Karamchari Andolan that campaigns for the elimination of manual scavenging, nearly 1,800 workers have died while cleaning sewers during the last decade.

While the death of sanitation workers has attracted attention from various segments of media and state and civil society organizations, the situation of the rest of the workers is far from better. In his anthropological study on the sanitation workers, Lee (2017: 485) documents how after doing the manual scavenging work, workers would feel nauseated and would at times vomit, and in many cases experienced a permanent loss of appetite. In this regard, a telling response has been documented by Prasad and Ray (2018: 26). Manual scavengers told them that when they 'start[ed] doing this [manual scavenging] work' they found it extremely difficult to 'eat dal [yellow lentils] for a couple of months'. In fact, they 'could not eat much of anything, any colour' and felt disgusted of their own hands (Ibid.: 26).

The consequences of sanitation work on the health of workers are far more severe, especially in the waste dumping grounds that 'contain a very high ratio of organic to inorganic waste, that this waste includes animal faeces and the decomposing carcasses of dogs and other small animals... and that a great many rubbish depots are cleaned out not daily but once or twice a week, and then often only partially' (Lee 2017: 485-86). The collection of these variety of waste provides 'conditions for the production of methane,



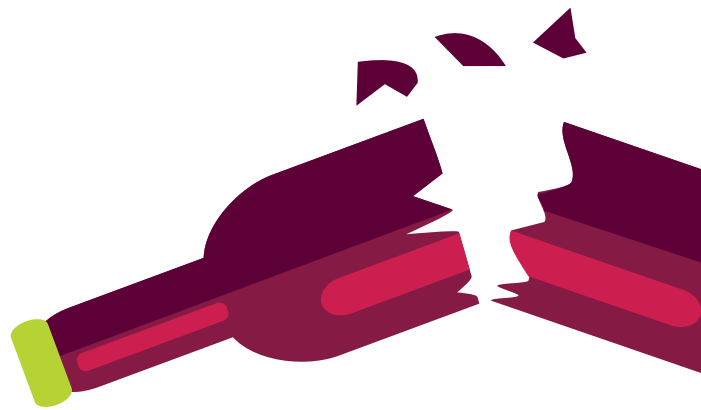
hydrogen sulfide, putrescine, cadaverine, and other toxic chemical compounds' (Ibid.: 485-86). The contact of sanitation workers with these gaseous substances results in 'loss of appetite, poor memory, fluid in the lungs, eye irritation, and shortness of breath ...chest pain, sore throat, and loss of libido' (Ibid.: 485-86).

The health condition of the workers in the leather tannery is close to what I have just explained. In fact, the state has given recognition to the leather tanning as hazardous industry under the Factories Act of 1948. In the tanneries, '[a]ccidents regularly occur with machine operators getting trapped, workers cleaning underground waste tanks suffocating from toxic fumes, or workers drowning in toxic sludge at the tannery premises' (Hoefe et al. 2017: 11). In the 1970s, the National Institute of Occupational Safety and Health in the United States also 'noted that the accident and illness rate is five times higher in tanneries than the average for all other industries' (Nihila 1999: WS 24). While the use of chemicals has generated 'greater profits by actualising mass production and processing at unprecedented scale and pace' (Bhattacharya 2018: 313), it had exposed tannery workers to serious health problems. The wide ranging health implications for tannery workers include frequent bouts of fever, eye inflammation, coughing, skin diseases, lung cancer, severe body, bone, joint and muscle pain, severe headaches, asthma, eczema, nausea and reproductive health problems (Nihila 1999: WS 23-24).

The health scenario of waste pickers no different from the ones examined above. Waste pickers are prone to injuries 'in the form of cuts and bruises from glass, metal sharps, broken bottles etc.' (Sarkar 2003) because they use their bare hands through the heaps of garbage. Those waste pickers who collect medical waste 'sustain injuries from syringes, sharps and broken bottles and ampules' (Ibid.). If these injuries are overlooked, they

further result in non-healing ulcers and Hepatitis B and C or HIV. It is also not uncommon to find among rag pickers who suffer from respiratory problems, tuberculosis and some even develop Parkinson's disease and Alzheimer's.

Butchering occupations are also prone to similar health challenges discussed above. In slaughterhouses, butchers are often susceptible to knife injuries and most workers have chronic illnesses such as 'back pain, chest pain and in some extreme cases, even slipped disk of the spinal cord' (Sawalkar 2013: 7). Then there are cases where 'minuscule bones of the bovines get into their [workers] eyes, causing partial loss of eyesight in extreme cases' (Ibid.: 7). Besides health hazards, working conditions in slaughter houses are abysmal. The capture of political power by the BJP, the Hindu extremist political party, since 2014 at the central level as well as in several state governments have resulted in the banning of the possession and sale of beef. In several cases such interventions by the state have resulted in the closure of slaughter houses and subsequent joblessness among the butchers. There are two ways through which the health hazards caused to the workers doing the stigmatized occupations has been addressed. One is through mechanization of work processes and the other is by providing equipments. In highlighting this need to transform the nature of stigmatized work, the role played by the workers' organizations and civil society outfits have been crucial. These efforts are examined in the following section.



## 7.6 CIVIL SOCIETY, WORKERS' ORGANIZATIONS AND THE STATE

The workers in all stigmatized occupations mentioned in this paper have been part of the informal sector. From low wages, abysmal working conditions, no social security provisions to absolute health hazards due to work environment, the problems faced by this workforce is manifold. Therefore, organizing them has been a challenge for workers' organizations. Despite the limitation imposed by the informal nature of work, efforts have been made by various organizations. The most prominent among these organizations has been the SKA. SKA's efforts together with a large majority of small and big organizations have brought the issue of manual scavenging to the mainstream. The pressure of mobilization resulted in the Manual Scavenging Act, 2013. Similarly, scrap collectors were organised by the *Kagad Kach Patra Kashtakari Panchayat* (KKPKP). The efforts by these collectives have brought some changes. But the state's unwillingness is evident in each of the cases.

## 7.7 MANUAL SCAVENGERS

The mobilization by various manual scavenging, human rights and Dalit organizations resulted in the enactment of the Manual Scavenging Act, 2013. While the Act has several promising provisions to transform the conditions of the manual scavengers, its the implementation has been rather poor. For instance, the Act has several welfare provisions such as rehabilitation of manual scavengers under Section 13, compensation, ID cards under Section 12, and schemes for property, housing and financial assistance under Section 13(1) (c). However, access to these provisions has been a tiresome

and complicated process. In most cases, the victims had to arrange wide-ranging paperwork. At times, they had to appeal in the court of law which takes years to obtain results. In some other instances, such as in the case of the death of the worker, victim's family member may get an alternative job on compassionate grounds. The SKA has argued that they have a list of 1,370 workers and complete records of 480 who since 1993 died due to hazardous working conditions in the sewers (Arya, Mukherjee, & Dasgupta 2018). The Supreme Court took note and ordered on 24 March 2014 that a compensation package of INR 10 lakhs be given to each victim (National Commission for Safai Karamcharis 2015: 113). This betters the situation of the victim and provides them a means of sustenance. However, the members of the National Commission for Safai Karamcharis observed the objections raised by the state government officials 'as to who will pay compensation of Rs. 10 lakhs as ordered by the Supreme Court in the sewer death cases' (Ibid.: 120).

The Act has a provision to constitute Vigilante committee and District committee under Section. 24 for establishing a system of checks and balances. Under Section 11 and Section 14 there is a provision to survey and establish a framework for the safety of the workers engaged in such occupations. However, such a survey has not been done for the manual scavengers employed by the municipalities. There is also a provision for doctors and healthcare facilities such as bi-annual check-ups and proper diagnosis. However, during my field visit in September 2018, labour organizer S.A. Azad, who works in Mehrauli-Badapur area, told me that such provisions has remained merely on paper. S.A. Azad informed me that the problem surrounding the health of the scavengers begins at the diagnosis stage. The general climate of the doctors who are involved in the healthcare of these scavengers almost always

wrongly diagnose these patients into categories of pre-determined generic diseases which may have no real connection to the actual disease. This just helps establish some grounds and doubts about the victim's health conditions and find ways to blame the victim for their own death. Further, the community claimed that most of the time, it is more likely that the doctor and state would gain more from an incorrect diagnosis.

The Act mandates a survey to be conducted of manual scavengers and their working conditions. It is here that the cunningness of the state is evident. It interprets the provisions meant for manual scavengers according to its convenience which prohibits the beneficiaries from accessing the facilities. First, in the survey only those who 'carry' waste in baskets are identified as manual scavengers. Second, even if one uses just a glove, mask or a bamboo stick to unclog a sewer it is considered as sanitation worker not a manual scavenger. During my visit to a working class neighbourhood in the Mehrauli-Badarpura area in September 2018 the frustration among manual scavengers was evident when one of them said, "*gand haath pe toh lagta hai*" (dirt touches your hand irrespective of the fact that whether one uses equipments or not). Moreover, this survey only took into account the scavengers employed by the independent contractor and not the municipal scavengers. The State in this manner is trying to disassociate itself from the employment of these workers.

The state has also displayed its unwillingness in rehabilitating the manual scavengers by allocating minimal resources. For instance, the budget allocated for the Self Employment Scheme for Rehabilitation of Manual Scavengers was

INR 70 crores in 2013-14, INR 45 crores in 2014-15, INR 5 crore in 2015-16, INR 1 crore in 2016-17 and INR 5 crores in 2017-18 (Accountability Initiative 2019). The other issue with regard to sanitation workers was hiring them on contractual basis. In April 2017, the Supreme Court instructed the Brihanmumbai Municipal Corporation's (BMC) solid waste management department to make the 2700 workers permanent on job who were hired on contractual basis (Borpujari 2018, Johari 2017). This case was taken up by Kachra Vahtuk Shramik Sangh (KVSS, an organization representing contract sanitation workers) since 2007. However, the BMC instead of making those workers permanent has appealed against the judgement (Johari 2017).<sup>2</sup>

## 7.8 SCRAP COLLECTORS

As for the scrap collectors who are even more dispersed all over the city, they were organized into the Kagad Kach Patra Kashtakari Panchayat (KKPKP) in 1993. In this case, the first challenge has been to establish their status as 'workers' (Chikarmane 2000: 3641-42). The positive outcome of this initiative was the recognition it received from the Pune and Pimpri Chinchwad Municipal Corporations. These municipal corporations gave official recognition to the identity cards issued by this organization to collect recyclable scrap (Ibid.). Furthermore, KKPKP acquired further legitimacy when the government of India in the year 2000 laid down rules for municipalities 'for the first time, to ensure waste segregation, door-to-door collection, and the processing of recyclable materials' (Dias 2016: 7-8). This gave the much needed recognition as 'workers' to the waste collectors as well as 'equipment[s] and working space, technical training, authorization to carry

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<sup>2</sup> I would like to thank Madhusruthi Neelakantan for her assistance in writing this section.

out door-to-door waste collection and reclaim the recyclables for commercialization, and the right to charge residents for collection' (Ibid.: 7-8). Besides these changes, some efforts were taken by the Scrap Collectors Association together with the Life Insurance Corporation of India in the year 2000 in Pune city (Chikarmane & Narayan 2000). The group insurance scheme at a 'payment of INR 25 per annum' gave workers 'insurance coverage of INR 5,000 (death due to natural causes) and INR 25,000 (accidental death), or proportion thereof in case of disability' (Ibid.: 3641). A credit co-operative was also registered for the waste collectors to avail various government schemes (Ibid.: 3641-42). However, these initiatives are far and few and the overwhelming majority of waste collectors are outside the purview of any formal structure.

## 7.9 LEATHER INDUSTRY

The workers in leather and footwear industries have been unionized for a very long time. However, as it has been the case with several other sectors, employers have found ways to bypass the structures (Niehoff 1959: 507-08). Environmental concerns is what drew attention to these occupations. The state and the judiciary has mostly intervened to relocate the tanneries or the slaughter houses (Hoefe et al. 2017: 7). For instance, in 1996 the Supreme Court issued directions to shift the polluting industries outside Agra in order to control the deterioration of the Taj Mahal (Ibid.). However, the employers in connivance with the state machinery continued several of the tanneries. In the recent years, especially in states such as Uttar Pradesh which is ruled by BJP, the implication of beef ban and shutting down the illegal slaughter houses have had severe implications for the livelihood opportunities as well as safety of those engaged in butchering and tanning occupations.

## 7.10 NEED FOR URGENT ATTENTION

In this chapter, I have examined the status of stigmatized occupations in India. In doing so, I have focused on manual scavenging and sanitation, butchering and tanning, and rag picking. I have shown how these occupations are still influenced by the social institutions of gender, caste and religion as it compels members of Dalit and Muslim communities to opt these jobs. Each of these industries play an important role in the economy. Some industries such as meat trade and leather goods have high export value. Yet, the workforce is by and large governed by informal conditions of employment. As a result, they do not have access to the social security provisions, paid leave, gratuity, and pensions. Further, the stigmatized workforce face acute challenges given their low social status, abysmal working conditions which exposes them to death like situations or life threatening diseases. Civil society and workers' organizations have played an important role in highlighting the plight of these workers. As a result of mobilization, the state has intervened with legislations. However, the bureaucratic apparatus ensures that none of these provisions reach the workers. All the stigmatized occupations need urgent attention from the state authorities to enable them access to the decent working conditions and right to a meaningful livelihood.

## 7.11 RECOMMENDATIONS

1. To end the practice of manual scavenging in all forms.
2. To count manual scavengers similar to the census of India guidelines which makes it a punishable offence for supplying wrong information under Citizenship Rules 2003.
3. Total mechanization of sanitation work.
4. Establish State level Safai Karmachari Commissions where it has not been established so far.
5. Provide alternative employment to those engaging in manual scavenging work.
6. To bring the wages of the sanitation workers who work on contractual basis on par with those with permanent contract.
7. Provide special scholarships to obtain higher education in India as well as abroad for the children of workers engaged in stigmatized occupations.
8. Inclusion of rag picking as a compulsory function of the municipal corporations.
9. Modernization of leather industry, especially to eliminate manual handling of leather with life threatening chemical substances.

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# THE SOCIAL STIGMA OF WASTE PICKERS

‘Bangali’ is a reference to the waste pickers who live in the Shraddhanand colony, very close to the Bhalaswa landfill. They are mostly Bengali Muslims who migrated from West Bengal at different points of time. Some are first generation waste pickers; others have been in this for at least a couple of generations. For instance, Saira Banu’s parents migrated and had settled as waste pickers in Jehangirpuri (she married Akhtar from the Bhalaswa landfill), while her neighbour Sultan came from ‘Calcutta’ almost 20 years ago. He worked in a bag factory back home and had come to Delhi in search of a job; he ended up at the Bhalaswa landfill picking waste for a living.

Often in the chain of solid waste management, waste goes from households either to waste collectors or into the bin. From the bin, the waste travels to garbage stations and then finally to the landfill sites<sup>1</sup>. There are waste pickers at every stage; they sell it to scrap dealers who in turn sell it to aggregators and recyclers. Their contribution is massive. India recycles 70 percent of all PET bottles (water bottles and soft drink bottles) as compared to 31 percent in the USA. This is largely owing to the informal chain of recycling by waste pickers who either sort or segregate waste from

waste containers, garbage stations and landfills. The informal recycling sector contributes to 100 percent of all recycling in the country<sup>2</sup>.

WIEGO states that waste picking in India ‘ranks lowest in the hierarchy of urban informal occupations and a large number of those employed in this occupation are women and children. Illiterate, unskilled persons, migrants, those lowest in the caste hierarchy and the poorest of the poor, predominantly work as waste pickers as they are unable to find any other kind of employment’<sup>3</sup>. Among the kabaadi walas, or waste pickers, those living off the landfill are at the bottom of their social ladder.

Though Saira Banu has moved on from working on the landfill (she is now a scrap dealer), she continues to stay just a few feet away from where the landfill drops. For the waste pickers to make a move to more sanitary conditions would mean giving up on their homes, and a spot at the current landfill. Going to another landfill colony, which is already bursting at the seams is not a feasible option. And neither is getting another job.

Sultan is willing to get work in a factory but he

1 <https://www.thenewsminute.com/article/oppressed-and-unrecognised-life-waste-pickers-crucial-india-s-sanitation-72426> (as viewed on Dec 10, 2018)

2 <https://www.thenewsminute.com/article/oppressed-and-unrecognised-life-waste-pickers-crucial-india-s-sanitation-72426> (as viewed on Dec 10, 2018)

3 [http://www.wiego.org/informal\\_economy\\_law/waste-pickers-india](http://www.wiego.org/informal_economy_law/waste-pickers-india) (as viewed on Dec 10, 2018)





isn't very optimistic about getting one. His daily visits to the *khatta* or the landfill, as is commonly called, gets him anything between INR 200 - INR 300 a day. He doesn't go alone; his eldest son who is studying to be a tailor accompanies him. Sultan hopes that his son will not have to pick waste for long. Sultan has three more children who are still in school. He isn't sure what their future holds.

While Sultan's son is old enough, there are children as young as 8 years old who go to the landfill. 10-year old Sameer's mother is loath to admit that she sends her son to the landfill. But Sameer said that whenever there was a school holiday he would be sent to the landfill, and sometimes with his younger brother who is 8 years old. He despises this work and wants to be a doctor. On discrimination in school, he says he faces none, his mother is quick to add, 'that's because we don't tell anyone what we do'. The social stigma attached to working in landfills is likely to jeopardize Sameer's chances of continuing in school.

Spread over 50 acres, the Bhalaswa landfill commissioned by the Municipal Corporation of Delhi (MCD) in 1993, ran its full course by 2008. It should have been decommissioned. Instead, the landfill that holds over 15 million tonne of waste already has nearly 2500 tonne of waste dumped here daily.

Saira Banu and Sultan are barely 10 feet away from the dump; a slight nudge and a landslide could bury their homes. During the rains, a lot of the landfill waste flows on the road and into their homes. There have been several requests to repair the road and drains, but it has fallen on deaf ears.

When the rain brings the garbage down, they sweep the waste on one side of the road. But that leaves them even closer to the waste, which brings with it its share of diseases. The situation becomes worse in case there is a fire in the landfill. The apathy in Government hospitals does not make it the preferred choice for residents; so they have to shell out a substantial amount of their wages on private treatment.

Water supply is erratic or dirty and buying water is expensive. Very few houses have proper hygienic toilets

They do not have any minimum wages or social security net to fall back on. The last few years have been particularly bad due to demonetization and GST because of lack of cash. To add to that there is the constant threat of eviction from the landfill with the police constantly chasing them away from the landfill and sometimes badly roughing them up.

A black and white photograph of a child carrying a basket on their head and a woman in a sari in a rocky, industrial landscape. The child is in the foreground, wearing a dark shirt and skirt, balancing a woven basket on their head. The woman is in the background, wearing a light-colored sari and a headscarf, looking towards the right. The background shows a large, rocky hillside, possibly a quarry or mining site, under a clear sky.

# 8. INEQUALITY AND SOCIAL SECURITY IN INDIA

**PROPOSED CHANGES IN LABOUR CODE  
EXPLOSIVE OR A WHIMPER?**

**BY RAVI SRIVASTAVA**





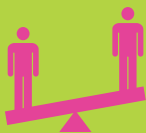
NCEUS 2006 estimates show that of the country's vast army of informal workers (close to 93%), the existing models on social security covered only **8%** of the workers.



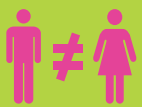
Among all paid workers in the non-agricultural sector, the percentage of workers without any social security increased from **74%** in 2009-10 to **76.1%** in 2011-12.



The NCEUS (2007) shows the close congruence between work status, social status, and poverty status of workers. Only **4.7%** of ST workers, **5.8%** SC workers and **6%** OBC workers had access to any social security.



Among all paid workers, percentage of Muslim workers with access to social security is a mere **8.3%**, almost half the number when compared to their Hindu counterparts (**16.6%**).



**17.4%** male workers have access to social security vis-a-vis female workers, which stands at **12.1%**, among all paid workers.



India spends **1.4%** of its GDP on social protection, which is amongst the lowest in Asia, and far lower than China, Sri Lanka, Thailand, and even Nepal.



The share of total expenditure under social security schemes is a meagre **0.5%** of the total budget 2018-19.



Under the National Old Age Pension Scheme (NOAPS) scheme, central government's contribution to old age pensions has remained at a merely **INR 200** per month per person since 2006.



## 8.1 THE AMBIT OF SOCIAL SECURITY

There is sufficient evidence to show that labour market inequality has been increasing in India since the 1980s (Srivastava and Manchanda 2015, Chambarbagwala 2006, Das 2012, Kijima 2006, Sarkar and Mehta 2010). At the same time, the Indian workforce has large deficits in income and employment security, which in some respects is increasing over time. Further, as the NCEUS (2007) has noted, there is a close connection between the social status, work status, and poverty of workers.

Social security can be both protective and promotional. The former deals with contingent risks, while the latter deals with chronic deficits. The extension and universalization of social security is an important goal both internationally and in India. The Directive Principles of the Indian Constitution mandate social security, while at the international level, the UDHR recognizes the right to social security as a human right. While the human rights aspect of social security is undoubtedly very important, social security/social protection also reduce inequality and provide a sustainable basis for growth and accelerated development.

In this paper, we confine ourselves to contingent social security which deals with reducing risks that workers face during and beyond their

working lives and consider measures taken by the Central government only. The broad dimensions of social security are defined in the ILO Convention 102 on Social Security. India is not a signatory to this convention but has well-established social security systems.<sup>1</sup> These are mainly aimed at providing varying degrees of coverage to workers in several of the nine branches of the Convention but they only cover a small segment of workers who are formally employed in the organized sector.

However, given the overwhelming proportion of informal employment – close to 93 percent – in the economy – other measures are required to extend a modicum of social security to segments of the informal sector. Some measures have been taken by the Central and State governments over the years to do this. The current social security system in India, as it has evolved, has five broad systems of social security and social assistance (Srivastava 2012b).

The first and the most comprehensive covers the public sector and provides old age security (provident fund/pensions and gratuity) and medical cover, supplemented by maternity benefits, etc. through statutory schemes. Recently, economic reforms have led to a reconsideration of some of these schemes. Since 2004, the pension scheme for new government employees is now a funded one instead of being a defined benefit scheme as was the case earlier.

<sup>1</sup> The Government of India has accepted the international commitment that arises from the ratification of the Covenant of Social, Economic and Cultural Rights of the United Nations. This covenant, inter alia recognizes the right of everyone to social security including social insurance. India is also a signatory to several other significant conventions such as the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW), Convention on the Rights of the Child (CRC), and the Convention on the Rights of Persons with Disabilities (CRPD). India has also ratified some Conventions of the ILO regarding social security including Workmen's Compensation, (Occupational Diseases) – (No. 18 and revised Convention No. 42 of 1934); Equality of Treatment (Accident Compensation) – No. 19 of 1925; and Equality of Treatment (Social Security) – No. 1 & 8 of 1962.



The second system covers the organized private sector and makes provision for provident fund, gratuity, medical cover and injury compensation, supplemented by some other benefits such as maternity benefit, again through statutory measures (Venkata Ratnam 2006). Over a period of time, the ambit of these laws has been extended to improve portability, cover more areas, more types of establishments, and informal (casual, temporary and contract) workers in the organized sector. The statutory schemes cover workers up to an income ceiling. The higher paid workers are provided social security by employers under other schemes, as per their contract.

The third system, of Welfare Funds, has been put in place by the Central government and certain State governments cover segments of unorganized sector workers. Welfare funds are created under State or Central acts (and hence are also Statutory) and are managed autonomously. They are financed in various ways: worker contributions, employer contributions, cesses and state contributions and, depending on their financial base, provide a number of benefits to their members. The cess based Building & Other Construction Workers Welfare Fund has emerged as the largest among the welfare funds meant for unorganized workers.

The fourth system of social security is entirely state financed and in the form of social assistance for poor persons. Here again (as with Welfare Funds), the lead was taken by certain states, and was followed by the Centre. The social assistance schemes cover poor old aged population, widows, physically or mentally challenged persons, women in maternity, children, and other groups. These are not statutory in nature but there is some evidence that their coverage has increased in recent years, through increased investment by state governments.

The fifth type of social security systems are 'publicly managed' in the sense that non-governmental institutions have helped to put together social security mechanisms, primarily through the social insurance route, based on worker contributions, for small segments of self-employed and wage workers.

There are several laws and schemes covering the private sector, the principal ones being the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (EPF Act), the Employees' State Insurance Act, 1948 (ESI Act), the Gratuity Act (GA) 1972, the Maternity Benefit Act, 1961 (MBA), and the Employees' Compensation Act, 1923 (ECA).

As far as the social security coverage of unorganized sector workers is concerned, the relevant modalities are not employer arranged, and reliable estimates are even more difficult to obtain. NCEUS (2006) has assiduously compiled the coverage under each type of social security system described above. It estimated the total number of persons covered under various social security schemes to be 2.1 crore, or about 6 percent of the total number of unorganized/informal workers in the year 2000. Further, since the NGOs in the country are estimated to provide some social security cover to about 2 percent of the workforce in the unorganized sector, the Commission's estimates showed that the existing models covered only a small proportion – around 8 percent – of the country's vast army of informal workers (NCEUS 2006). These numbers are likely to have increased somewhat in the recent years, but the social security coverage of workers in the unorganized sector is woefully inadequate, and because of informalization, the percentage of workers covered in the organized sector has also fallen.

## 8.2 DISTRIBUTIONAL IMPLICATIONS OF THE SOCIAL SECURITY STRUCTURE

The growth of social security can be expected to mirror the growth of the formal sector in India, but the increasing informalization of employment in the recent years (Srivastava 2012b, Srivastava 2015, Srivastava and Naik 2016) keeps social security out of reach of most such workers, whether they work in the formal or informal sector. Among all paid workers in the non-agricultural sector, in 2011–12, the percentage of workers without any social security increased from 72 percent in 2004–05 to 74 percent in 2009–10 and further to 76.1 percent in 2011–12.

Data analysed by us also shows that while the size of the formal sector has grown in recent years, so has the share of workers without any social security, even within this sector. The share of informal workers in the formal sector increased from 50.8 percent in 2004–05 to 56.6 percent in 2009–10 and further to 60.1 percent in 2011–12.

Available data shows that not only is precariousness growing, since women, lower castes, and certain religious minorities, and the

poor have a dominant share of precarious jobs, a much smaller percentage among them have access to social security. As mentioned earlier, the NCEUS (2007) showed the close connection between work status, social status, and poverty status of workers. Among the extremely poor households, informal workers were over-represented, as were SC/ST, Muslim and OBC households (Ibid.: 7).

The NSSO provides data on availability of social security to non-farm workers. Other workers, for example, agricultural workers and self-employed workers are considered to be excluded from social security systems although some of them may actually be in a position to purchase social security or be covered by specially designed systems, as mentioned earlier.

With these caveats, data from the NSSO 68th Round is analysed below, for (a) paid non-farm workers, (b) all paid workers (including agricultural labour), and (c) all workers. We use these results to show how deeply differentiated the access to social security is across social groups and economic classes.

Figure 8.1 shows the proportion of workers in each social group who receive any form of

**TABLE 8.1 PERCENTAGE OF WORKERS BY AVAILABILITY OF JOB CONTRACT AND/ OR SOCIAL SECURITY**

	2004-05	2009-10	2011-12
<b>No contract - No social security</b>	67.4	68.4	70.9
<b>No social security</b>	72	74	76.1
<b>No contract</b>	75	78.1	79.1
<b>No contract plus retirement and social security</b>	79.6	83.7	84.3

**Source:** Srivastava and Naik (2016A).

**TABLE 8.2 PERCENTAGE OF INFORMAL/FORMAL WORKERS IN FORMAL AND INFORMAL SECTORS BY INDUSTRY-GROUP**

Regroup of NIC	INFORMAL WORKER			FORMAL WORKER		
	Informal sector	Formal sector	Total	Informal sector	Formal sector	Total
<b>2004-05</b>						
<b>Manufacturing</b>	98.3	71.2	90.7	1.7	28.8	9.3
<b>Total Services</b>	97.6	34.4	81.4	2.4	65.6	18.6
<b>Total</b>	99.3	50.8	93.7	0.7	49.2	6.3
<b>2009-10</b>						
<b>Manufacturing</b>	98.3	72.4	90.5	1.7	27.6	9.5
<b>Total Services</b>	97.1	42.9	81.6	2.9	57.1	18.4
<b>Total</b>	99.0	56.6	93.0	1.0	43.4	7.0
<b>2011-12</b>						
<b>Manufacturing</b>	98.7	76.0	91.1	1.3	24.0	8.9
<b>Total Services</b>	97.6	42.4	81.4	2.4	57.6	18.6
<b>Total</b>	99.2	60.1	92.8	0.8	39.9	7.2

Source: Srivastava and Naik (2015)

social security in 2011-12. Among paid non-farm workers, the lowest percentage of workers receiving social security was from the SCs, followed by STs, OBCs and Other Social Groups. When all workers were considered, only 4.68 percent of STs had access to any social security, followed by 5.78 percent SC workers and 6.01 percent OBC workers. Even among workers from other castes, only 12.01 percent had access to social security.

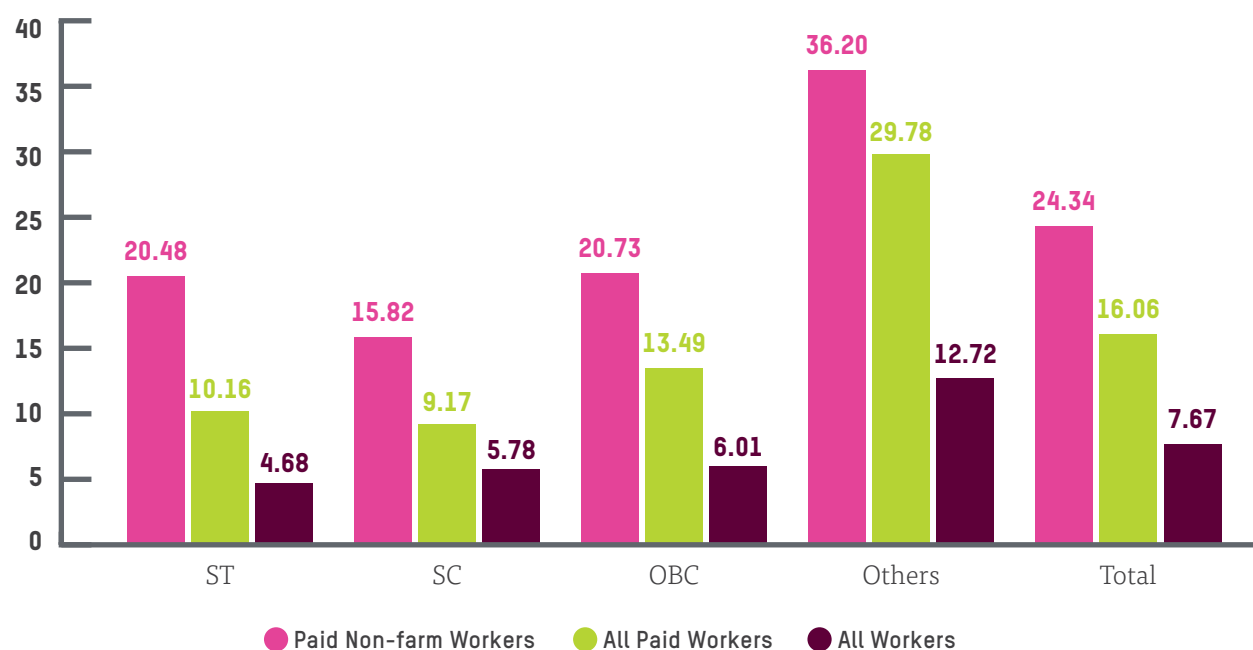
In terms of religious background, Figure 8.2 shows that a much lower percentage of Muslim

workers in each category report receiving social security compared to Hindu workers, while the percentage of workers receiving social security was comparatively the highest from other religions.

The sex-wise picture is somewhat different (Figure 8.3). Among non-farm paid workers, the percentage of male workers accessing social security (24.36) is only marginally higher than the percentage of female workers (24.26) but this picture changes dramatically for all paid workers, and all workers, among whom female workers with social security are much lower than among male workers.

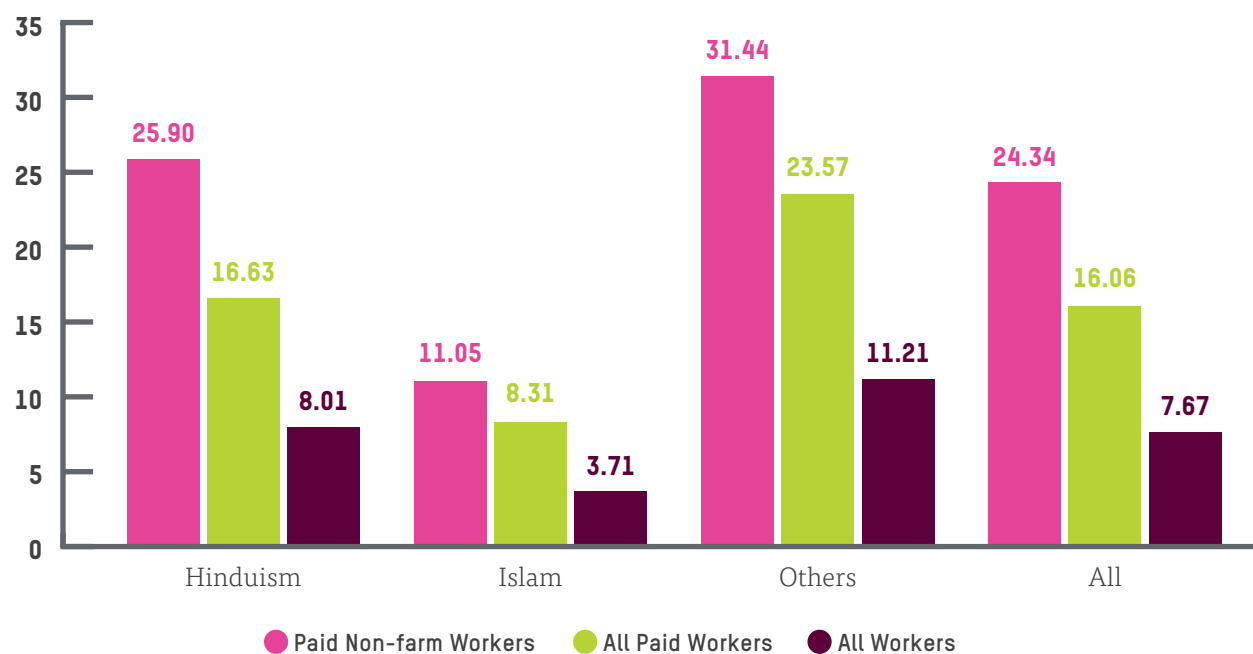


FIGURE 8.1 PERCENTAGE OF WORKERS BY SOCIAL GROUP WITH ACCESS TO SOCIAL SECURITY, 2011-12



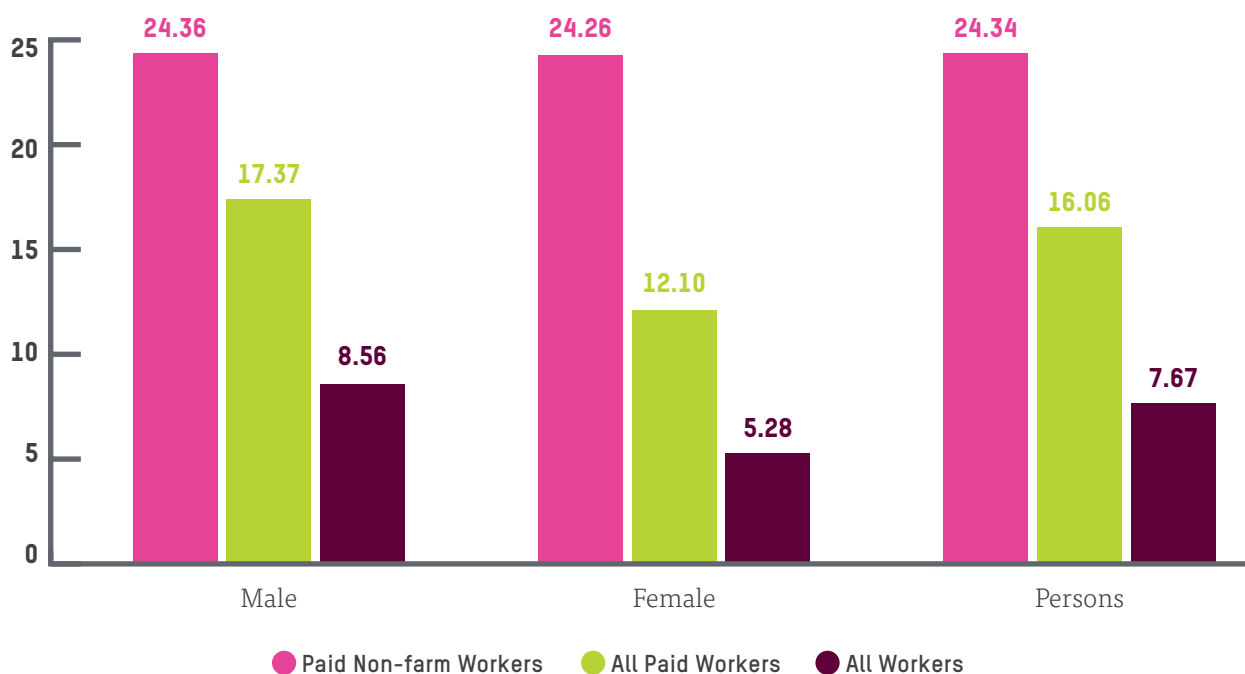
Source: Based on Computations from the NSS 68th Round Employment-Unemployment Survey

FIGURE 8.2 PERCENTAGE OF WORKERS BY RELIGION WITH ACCESS TO SOCIAL SECURITY, 2011-12



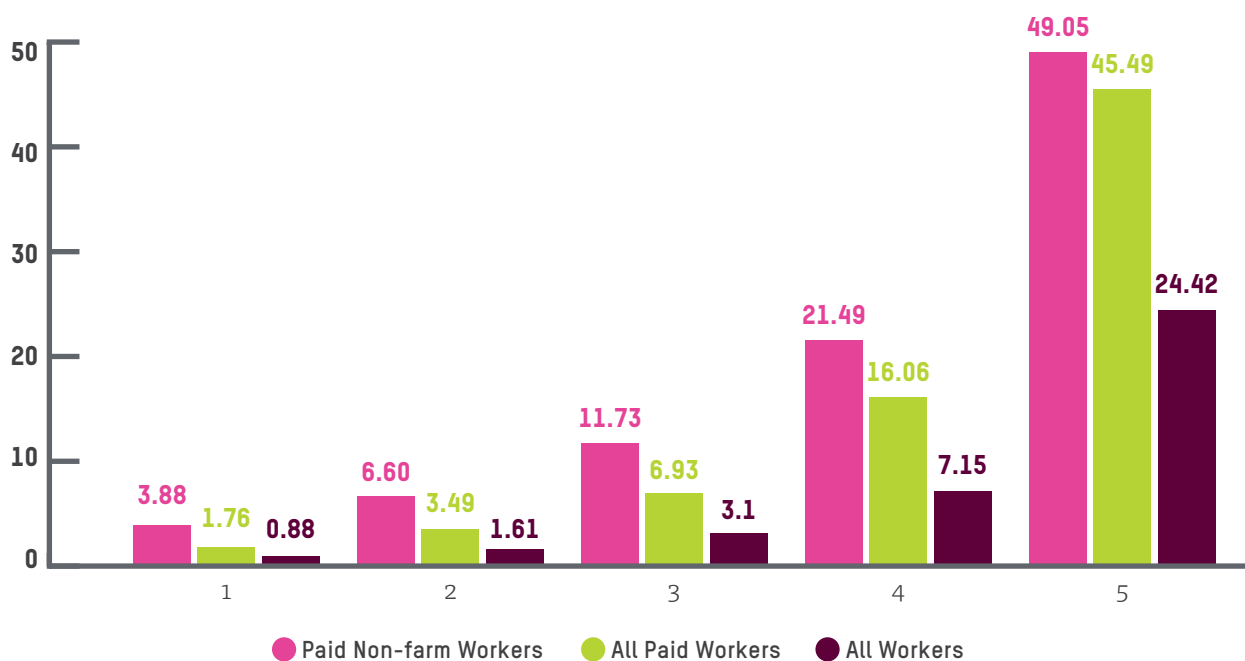
Source: Based on Computations from the NSS 68th Round Employment-Unemployment Survey

**FIGURE 8.3 PERCENTAGE OF WORKERS BY SEX WITH ACCESS TO SOCIAL SECURITY, 2011-12**



Source: Based on Computations from the NSS 68th Round Employment-Unemployment Survey

**FIGURE 8.4: PERCENTAGE OF WORKERS BY MPCE QUINTILES WITH ACCESS TO SOCIAL SECURITY, 2011-12**



Source: Based on Computations from the NSS 68th Round Employment-Unemployment Survey

Finally, better-off workers with a higher degree of economic security (in terms of higher MPCE quintiles) are much more likely to access social security compared to poorer workers. Access to social security is negligible among workers in the lowest two quintiles, while almost half the paid non-farm workers and a quarter of all workers in the highest quintile have access to social security.

This situation can only change with a systematic effort to provide social security to the uncovered with a focus on the most precarious and vulnerable households. It has been argued that this is both administratively and financially feasible (NCEUS 2007, Srivastava 2013).

### 8.3. UNIVERSAL SOCIAL PROTECTION AND A RIGHT TO SOCIAL SECURITY

After liberalization, in the initial phase, social protection measures were neglected, but this began to change from the mid-1990s when there was an expansion in the budget for rural employment generation and social assistance programmes. Subsequently, significant expansion occurred in the expenditure on sectors where social society movements results in the courts laying down specific entitlements, as in health (ICDS) and education. Further, as we show below, there was a concerted effort by various Commissions to expand workers' social security and to put social security for unorganized workers on a statutory footing on a universal basis.

The Centre's expenditure on social sectors (education, health, housing, rural development, social security) increased from 0.97 percent of GDP in 2000-01 to 1.33 percent in 2005-06 and further to 1.78 percent of GDP in 2009-10 (Srivastava 2012). Expenditure by States (as

percentage of GDP) increased only in the last quinquennium (2005 to 2010). Real expenditure on social protection also increased at a significant rate (Srivastava 2012b: Table 6). With the launch of the NREGP, the Central government expenditure on employment generation programmes saw a significant increase from 0.18 percent of GDP in 2004-05 to 0.64 percent of GDP in 2009-10. The period also saw an increase in the allocation to Old Age Pension programmes, and social security programmes (the Rashtriya Swasthya Bima Yojana being the main one), although the total expenditure on protective social security is only 0.06 percent of GDP. There was some increase in rural and urban housing programmes, currently taking up 0.14 percent of GDP (up from 0.09 percent in 2004-05). The other set of programmes/schemes which took up major allocation are the food and nutrition schemes, particularly the PDS. These absorbed 0.52 percent of GDP in 1999-00, 0.82 percent in 2004-05, and 1.13 percent of GDP in 2009-10 (Ibid.).

The first decade of this century also saw some significant proposals for universalizing social security on a rights basis (Srivastava 2008, 2012b). The expansion of social security (for informal rural labour) was first argued in India by the National Commission for Rural Labour in 1991, and then reiterated in another form by the Second National Commission of Labour (SNCL) in 2002. Since the SNCL had proposed an enabling legislation, the specific contours of social security coverage were not specified. However, another proposal made to the National Advisory Council (NAC) in 2005, made some concrete recommendations in this regard. This proposal again intended to cover all workers in the unorganized sector and workers without any social security. It proposed social security in the form of health, life and permanent disability insurance plus maternity benefits without any contribution from workers and an old age benefit

scheme including pension but with contribution from the workers. The National Commission for Enterprises in the Unorganised Sector (NCEUS 2006 and 2007) advocated a universal minimum social security package for all unorganized workers below a certain ceiling (based on self-declaration). The Commission recommended a legislation which creates an entitlement for all unorganized sector workers as well as all unorganized workers in the organized sector not eligible for social security and who are below a certain income or land ceiling, to a 'National Minimum Social Security' package. As Kannan et al. (2006) argued, the most important difference between the Commission's proposal and other proposals is that what is proposed here is in the form of legally enforceable entitlement unlike the very many schemes floated by the central and state governments at different points of time. The Commission went into the elements of social security and the minimum level of protection that should constitute this package. It favoured providing workers with health cover including maternity, old age protection in the form of pension or provident fund, and life and disability cover principally through a social insurance model. It showed that the total cost of the national minimum would be about 0.6 percent of GDP, and the financial burden on governments (central and state) would be 0.48 percent of GDP on full coverage. Significantly, while the Commission has suggested a national minimum level of social security to which all workers should be entitled, it left it open for states or sectoral initiatives to provide for additional types or levels of social security to the workers.

The Unorganised Workers Social Security Act, 2008, which came into existence in response to the NCEUS proposals does not provide for a national minimum to be provided to all unorganized workers within a definite timeframe. Instead,

it puts ten government schemes, including three new schemes, providing health insurance, life and disability cover, and old age pension to segments of households below the poverty line, which were introduced in response to the Commission's recommendations, in a Schedule to the Act, making them statutory in nature. As per the Act, it is up to each scheme to specify coverage, benefits, modes of financing them and grievance redressal mechanisms, if any. The original NCEUS Draft provided for mandatory registration of all informal workers and issuance of smart cards, but the mandatory provision was missing in the final legislation.

In response to the NCEUS proposal to cover three basic dimensions of protective social security, the government introduced or extended three schemes (Srivastava 2012b):

1. A scheme providing life and disability insurance to one earner in a landless rural household (Aam Aadmi Bima Yojana). The scheme, implemented through the Life Insurance Corporation.
2. A health insurance scheme for the poor, called the Rashtriya Swasthya Bima Yojana or RSBY. The scheme was initially intended to cover the rural poor households below the poverty line in phases but was extended to various segments of informal workers such as wage workers in the guaranteed public works programme (Mahatma Gandhi National Rural Employment Guarantee Programme). By March 2011, an estimated 24 million households had been extended the benefit of this programme, with a total cost to the exchequer of INR 18 billion. The coverage of the programme eventually crossed INR 30 million before it was subsumed by the NHPS.

3. The government extended the National Old Age Pension Scheme to all old aged persons (above 65 years) in poor rural families. The scheme was allocated INR 34.43 billion in 2008-09 as against INR 23.92 billion in 2007-08 because of expansion of coverage from 8.7 million to 15.7 million beneficiaries. In 2010-11, the amount spent on the scheme rose to INR 51.1 billion and the budgeted amount in 2011-12 is INR 61.07 billion. However, the old age pension provided by the government remained woefully small both in terms of coverage and amount leading to civil society demands and the formation of an expert group by the Government in 2013.

The NCEUS recommendations have clearly demonstrated that a universal system of social security was administratively and financially feasible. Backed by civil society and trade union pressure undoubtedly led to an increased provision of protective social security measures to informal workers but the government was averse to introducing a statutory scheme ensuring universal social security as an entitlement to all workers and while there was an increase in the expenditure of specific social security programmes, the level remained far short of what was required to assure a minimum level of social security to all vulnerable workers.

## 8.4 A PUSH BACK?

Since 2014-15, there appears to be a push back on the part of the Central government on the expansion of social security for the rural poor, although some recent moves can also be cautiously interpreted as a forward movement. These contradictory stances are more evident in the steps taken by the current Central government.

### 8.4.1 The Social Security Trinity

Since 2014-15, the Central government has moved towards an architecture which combines the unique identification of every individual with the payment of benefits through bank accounts facilitated by mobile-based applications. This was famously described in the Economic Survey of 2015-16 as the JAM approach, namely combining financial inclusion through a no-frills bank account (through the financial inclusion programme called the Jan Dhan Yojana), unique identification number through the AADHAR programme, and use of Mobile. The financial budget for FY 2015-16 announced three social security schemes which were to utilize this architecture to provide a universal social security system. In the budget speech of the Finance Minister in February 2015, the government announced its intention “to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged” through three social security schemes:

- The Pradhan Mantri Suraksha Bima Yojna (PMSBY) with accidental death risk cover of INR 2 lakh for a premium of just INR 12 per year.
- The Atal Pension Yojana (APY), which will provide a defined pension, depending on the contribution, and its period. To encourage people to join this scheme, the Government announced a contribution of 50 percent of the beneficiaries’ premium limited to INR 1,000 each year, for five years, in the new accounts opened before 31st December, 2015.
- The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which covers both natural and accidental death risk of INR 2 lakhs.

All these schemes built upon earlier schemes, the Svavlamban Scheme and the Aam Aadmi Bima Yojana which were partially modified and woven into the financial inclusion architecture. Notably, the three schemes introduced were all contributory schemes although they contained an element of subsidy.

The Pradhan Mantri Suraksha Yojana is available to people in the age group of 18 to 70 years with a bank account who give their consent to join/enable auto-debit. The risk coverage under the scheme is INR 2 lakh for accidental death and full disability and INR 1 lakh for partial disability. The premium of INR 12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company.

The Pradhan Mantri Jeevan Jyoti Bima Yojana scheme for Life Insurance is available to persons between the ages of 18 years to 50 years who have given consent to join the scheme/enable auto-debit. The annual premium for PMJJBY scheme was constant at INR 330 for a period of 1 year starting from June 1 to May 31 irrespective of the request date of the customer into the scheme. The premium has now been restructured to account for a quarterly payment structure. It will be directly auto-debited by the bank from the Account holder's Savings Account held with the Bank. For renewal of the policy, it will be auto debited between May 25 and May 31, unless the customer has given a cancellation request to the bank for the policy. The assurance is terminated once the holder attains the age of 55 years or

closure of account with the bank or insufficiency of balance for debiting premium.

As per the details available on the Regulator's website,<sup>2</sup> the Atal Pension Yojana (APY) is open to workers who are not covered by any statutory pension scheme and who are between 18 and 40 years of age, thus excluding a large number of workers above the age of 40. The premium contribution amounts have been fixed and are tied to a minimum pension amount of INR 1000 to INR 5000 depending upon the quantum of the pension. The premia are auto-debitable from the insured person's saving account. The person has to keep a minimum amount to cover the premium which will be a first/priority charge on his savings. For beneficiaries who registered before March 2016, the government will contribute a maximum of 50 percent of the premium or INR 1000 per year for five years, whichever is less. In order to get a pension of INR 5000 after 42 years, an 18 year old would contribute INR 282 per month, whereas a 40 year old (for the same pension amount after 20 years) would contribute INR 1454 per month.

The subscribers would have to keep the required balance in their savings bank accounts/ post office savings bank account on the stipulated due dates to avoid any overdue interest for delayed contributions. Inadequate bank balances on or after stipulated dates will be treated as default and contribution will have to be paid in the subsequent month along with overdue interest (12 percent per month) for delayed contributions.

In case of continuous default, deduction would be made in the subscribers account for account

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<sup>2</sup> downloaded from <https://www.pfrda.org.in/myauth/admin/showimg.cshtml?ID=870> on Nov 10, 2018.

maintenance charges and other related charges on a periodic basis. Once the account balance in the subscriber's account becomes zero due to deduction of account maintenance charges, fees and overdue interest, the account would be closed immediately.<sup>3</sup>

Voluntary exit in APY is permitted. In case a subscriber, who has availed Government co-contribution under APY, chooses to voluntarily exit APY at a future date, he shall only be refunded the contributions made by him to APY, along with the net actual accrued income earned on his contributions (after deducting the account maintenance charges). The Government co-contribution, and the accrued income earned on the Government co-contribution, shall not be returned to such subscribers.

As mentioned below, the trinity of schemes announced in FY 2015-16 signaled the government's clear intention to move to a contributory social insurance mode of social security with minimum budgetary support and with some tweaking of earlier schemes. We have quoted these rules in some detail as, apart from the premium amounts, the conditionalities impose a rigid schedule on potential members, who have irregular incomes and are not aware of the intricacies of auto-debit. Premium contributions are restrictive and constitute a first charge on meagre savings.

There has been an attempt to link the premium for these schemes to other schemes such as

schemes for building and construction workers and MGNREGP but despite this off take from the schemes has been limited. Clear data on progress of these schemes is not available. According to a release by PFRDA, the number of subscribers to the scheme had crossed 11 million at the end of three years in May 2018 with a total contribution of INR 3,950 crores.<sup>4</sup> This would amount to a coverage of about 2.3 percent of the informal workforce, provided these subscribers stay in the scheme. However, there is no data on issues such as the mandatory linkage of these schemes with other schemes or the number of subscribers contributing regularly to the scheme since 2015-16.

Membership of the two smaller schemes is larger. A PIB release issued on August 7, 2018, mentions that gross enrolments in the Pradhan Mantri Suraksha Yojana scheme was 13.74 crores in 2017-18. According to data on the Central government's data portal, till February 2017, with 9.89 crore enrolments, the government had received only 11,163 claims and had processed 7,820 out of these.<sup>5</sup>

With the government's exclusive focus on these schemes, expenditure on social security schemes has languished. Table 8.3 below shows the total expenditure on social security schemes (including health related schemes, which are discussed later). Expenditure on social security schemes has been lower in all years since 2014-15, compared to 2013-14, even in nominal terms. A small increase has been budgeted in 2018-19 due to the proposed National Health Protection Scheme. The total government contribution to

<sup>3</sup> For the subscribers who have availed Government co-contribution, the account would be treated as becoming zero when the subscriber corpus minus the Government co-contribution would be equal to the account maintenance charges, fees and overdue interest and hence the net corpus becomes zero. In this case, the Government co-contribution would be given back to the Government.

<sup>4</sup> <https://economictimes.indiatimes.com/news/politics-and-nation/atal-pension-yojana-crosses-1-crore-subscribers-in-3-years/articleshow/64175510.cms>, downloaded on Nov. 10, 2018.

<sup>5</sup> <https://data.gov.in/catalog/progress-pradhan-mantri-suraksha-bima-yojana-pmsby>, downloaded on Nov. 9, 2018.

the Atal Pension Yojana remains below the level of the erstwhile Svavlamban scheme. Similarly, the government subsidy for the Atal Pension Yojana in all years till now has been below the level of government contribution to the Aam Aadmi Bima Yojana in 2014-15.

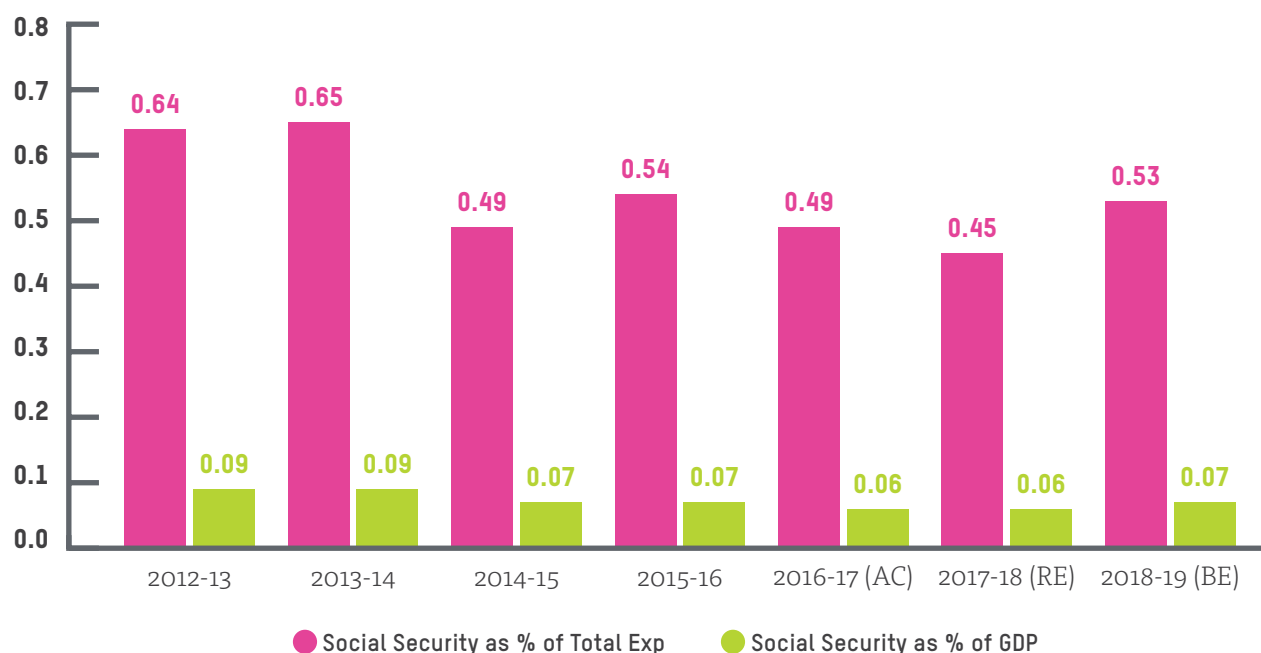
Expenditure on these schemes as a percentage of total budget expenditure and as percentage of GDP is given in Figure 8.5. Even with the proposed increase in 2018-19, the expenditure as a share of GDP/ total expenditure will remain below the level of 2013-14.

**TABLE 8.3: EXPENDITURE (IN INR CRORES) ON SOCIAL SECURITY SCHEMES 2012-13 TO 2018-19**

<b>SCHEMES</b>	<b>2012 -13</b>	<b>2013 -14</b>	<b>2014 -15</b>	<b>2015 -16</b>	<b>2016-17 (AC)</b>	<b>2017-18 (RE)</b>	<b>2018-19 (BE)</b>
<b>National Health Protection Scheme/ RSSY/RSBY</b>	1001.7	887.6	550.7	0	465.6	470.5	2000
<b>National Social Assistance Programme</b>	7824.8	9046	7086.7	8616.4	8854.1	8744.6	9975
<b>Swavalamban Scheme</b>	104.4	152.9	195	250.6	-	58.5	-
<b>Atal Pension Yojana</b>	0	0	0	173	36	170	155
<b>Govt. contribution to Aam Admi Bima Yojana</b>	0	4.5	175	437.5	100	-	-
<b>Interest Subsidy to LIC for Pension Plan for Senior Citizens</b>	99.5	115.8	111.2	101.8	125.1	245.2	228.2
<b>Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana (Publicity and Awareness)</b>	0	0	0	0	4.99	20	20
<b>Total Expenditure Under Social Security Schemes</b>	9030.4	10206.8	8118.6	9624.7	9585.8	9709.2	12428.2

**Source:** Centre for Budgetary Governance and Analysis (CBGA)



**FIGURE 8.5 SOCIAL SECURITY EXPENDITURE AS % OF GDP & TOTAL EXPENDITURE**

We argue that the expansion of social security schemes received a setback during the more recent period. Not only did the government not increase its commitment to spend more on these programmes, its reliance on contributory programmes was designed to keep the poorest and the most vulnerable out of the proposed social security net.

#### **8.4.2 Ayushman Bharat: A Pre-election push for Health Protection for the Poor**

In September 2018, the Government of India has rolled out a massive health insurance scheme called Ayushman Bharat which is billed as the National Health Protection Scheme. The Scheme

is eventually intended to cover 100 million poor families who will be identified on the basis of the Socio-Economic Caste Census (SECC) deprivation criteria in rural areas, and occupational criteria in urban areas.<sup>6</sup> The Scheme will subsume the Rashtriya Swasthya Bima Yojana (RSBY) and the Senior Citizen Health Insurance Scheme (SCHIS).

The Scheme will have a defined benefit cover of INR 5 lakh per family per year. Benefits of the scheme are portable across the country. The payments for treatment will be done on package rate basis. The expenditure incurred in premium payment will be shared between Central and State Governments. States will bear 40 percent of the cost of the Scheme. States are

<sup>6</sup> The beneficiaries will be identified based on the deprivation categories (D1, D2, D3, D4, D5, and D7) identified under the SECC database for rural areas. For the urban areas, the 11 occupational criteria will determine entitlement. In addition, Rashtriya Swasthya Bima Yojna (RSBY) beneficiaries in states where it is active are also included.

permitted to implement the scheme in insurance or Trust/ Society mode. The total expenditure will be determined on the basis of the actual market determined premium paid in States/ UTs where the Mission will be implemented through insurance companies. In States/ UTs where the scheme will be implemented in Trust/ Society mode, the central share of funds will be provided based on actual expenditure or premium ceiling (whichever is lower) in the predetermined ratio.

Apart from institutional and administrative issues, there is a fair amount of controversy on the actual cost of the scheme to insurers/ providers, the ability of the Centre to provide the additional resources necessary, and whether states, which differ significantly in terms of health expenditure outlays per person/ per household will have the capacity to bear the cost of implementation of the Scheme (Ahuja 2018). Till date, six states – Delhi, Kerala, Odisha, Punjab, West Bengal and Telangana – have opted out of the scheme for various reasons. By November 2018, the National Agency had put in a request to the Centre for an additional INR 4,500 crores, over and above INR 2000 crores allocated in the 2018-19 budget. There is also an apprehension that the resources for the new scheme may have been raised at the expense of another significant social protection programme, namely, the MGNREGP, in which unpaid arrears are said to be mounting.

### **8.4.3 Extension of Social Security through the Labour Code: Big Bang or a Whimper?**

The Ministry of Labour which oversees the implementation of statutory social security schemes for both the formal sector as well as the informal sector has proposed a set of radical reforms in social security. The government has announced its intention to amalgamate most of the existing labour laws into four comprehensive codes, ostensibly with the objective of simplifying

the implementation of these laws. Most of the Central Trade Unions have objected to the process followed by the Ministry of Labour and Employment in evolving these codes, which will eventually also have to go through the legislative process. Nevertheless, since the Codes express the intention of the Ministry of Labour and Employment, we briefly discuss the Draft Code on Social Security.

It may be mentioned that the Draft Labour Code on Social Security was presented for consultation first in April 2017. After feedback and comments were received, the Draft was modified and the revised draft was uploaded on the Ministry's website in March 2018. A third version of the Code has been circulated for discussion in November 2018.

The first and the Second Drafts aimed at merging at 15 Central social security legislations and provide a common legal framework for Social Security for both the organized and unorganized sectors. The first Draft proposed an abolition of the social security structure for the organized sector and a new structure presided over by a National Social Security Council headed by the Prime Minister. Many of the actual functions were to be provided by new (private) intermediary organizations. A possible extension of social security for unorganized sector workers was envisaged which was entirely contributory in nature. The Code imposed herculean implementation requirements, with the requirement that each employment relationship and income be recorded and registered, which would clearly have imposed huge transaction and compliance costs. No budgetary provision was built in.

The second Draft put forward a substantially restructured proposal for the uncovered workers, involving their categorization based on indicators which were similar to those in the Socio-Economic Caste Census (SECC). Unlike

the first draft, it envisaged budgetary support by Centre/ States for the social security of those workers who were unable to contribute because of their circumstances. Once workers were categorized as belonging to a category eligible for budgetary support, the complex exercise of recording and estimating income and multiple employment relationships could be obviated. The draft continued with a thrust on centralization and privatization and abolition of existing social security institutions. The Code did not present any timeline for the proposed extension/ universalization of social security.

The MoLE has circulated in November 2018 (although not in public domain as on January 2019) the third version of the Draft Code on Social Security as the “Labour Code on Social Security and Welfare Bill, 2019”. The Draft is less ambitious in scope than the two previous drafts. It no longer attempts to provide a comprehensive legislative framework for both the organized and unorganized sectors, and seeks to integrate eleven Central social security laws meant for the Unorganized Sector, either wholly or in part. In other words, the intention of the current draft of the Code appears to be to put into place an umbrella social security legislation for workers in the Unorganized Sector. However, two laws (Maternity Benefit Act, 1961 and Payment of Gratuity Act, 1972) which have hitherto been meant exclusively for the organized sector have been retained in the proposed Code and it is not clear why this has been done.

The proposed Act follows a structure which is similar to the one proposed by the NCEUS and then partly copied into the Unorganized Workers Social Security Act 2008. There is a simple provision by which all unorganized sector workers will be able to seek registration and by which construction workers will be further separately identified. There will be a

National Social Security Board and a State Social Security Boards and the registration, payment of contributions and distribution of benefits will be facilitated by Workers’ Facilitation Centres. The schemes could be variously funded through government contributions, cesses, and workers’ contributions. The three basic schemes (as in the NCEUS recommendations) will relate to life and disability cover, health and maternity benefits, and old age protection. However, unlike the NCEUS recommendations, neither universal coverage nor a minimum level of benefits is specified in the Code. The proposed Code is too open-ended to convey a definite plan for the extension of social security for uncovered unorganized workers.

Since the proposed Social Security Code is at a draft and discussion stage, nothing definitive can be said about it as yet. Although positive in its intent, the Code has yet not made any concrete commitment towards providing a modicum of social security to the vulnerable informal workers in India.

## 8.5 NEED FOR COURSE CORRECTION

Social security/ social protection can reduce economic insecurity among the poor, and partially offset growing labour market inequality. The formal social security system in India is accessible to only a small percentage of workers and this access is extremely inequitable across sex, social group, religion, and economic class, mirroring labour market outcomes. This inequality can be addressed both through appropriate labour policy instruments and by an expansion of social security among uncovered workers. In the Indian context, it has been shown that provision of a universal minimum level of social security is both financially and administratively feasible (NCEUS 2006, Srivastava 2012b, 2013).

Social security programmes as well as social

protection programmes, some of which acquired a statutory character, experienced some increase in spending in the first decade of this century. This increase occurred because of civil society pressure, judgments and orders of the apex court, and because high economic growth in the period also gave the government greater elbow room. However, the government did not push ahead with statutory universal social security entitlements and total expenditure on social security, as percentage of GDP, remained virtually unchanged.

The shift to contributory social security schemes has now led to declining real expenditures

on social security programmes, with greater exclusion of the poor and the vulnerable. As mentioned by Vaibhav Raaj in this volume, this is in line with the emphasis by global institutions such as the World Bank on social insurance as a means of providing social security. The current year has seen the launch of an ambitious health insurance programme, subsuming the earlier RSBY but the contours and timeline of this programme are still work in progress. This also holds for the Drafts of the Code on Social Security which have proposed far-reaching but highly debatable changes in the existing social security systems in India.

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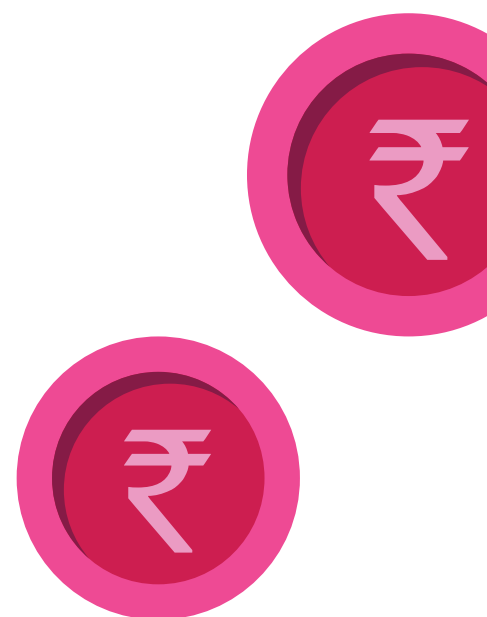
# LIVES THAT DON'T MATTER

There are nearly 39 crore Indians employed in the unorganized sector. The unorganised sector comprises 83 percent of the total workforce. The Minister of State for Labour and Employment, Bandaru Dattatreya, in a reply to a question shared this NSSO (2011-12) data with the Rajya Sabha in 2016. The Minister reiterated that under The Unorganised Workers Social Security Act, 2008, every unorganized worker is eligible for state social security schemes along with the three Central Government schemes—1) life and disability cover, 2) health and maternity benefits, 3) old age protection (Ministry of Labour and Employment 2016). Each state has its own social security schemes. Every State government is mandated to register the unorganised workers in their state. Only registered unorganised worker is eligible to avail the social security.

And therein lies the catch. None of the labourers we spoke to at the 'labour adda' on Bhattacharya Road in Patna, had been registered with the labour department. As per 2011 Census, around 71 percent of total households in rural Bihar earn their livelihood as manual casual labourers, as against the national average of 51 percent. In a resources-constrained state like Bihar, registration of manual casual labourers under the social security scheme remains a huge challenge (Anonymous 2018).

A few of them had a labour union membership card, but it hadn't been of much help. "They came, made the card but never showed up again. We do not know anything about registering with the labour department." One of them, who had briefly worked in Gujarat, said that the Workers Union there helped him settle some outstanding payments through labour courts. But back home, he lets issues of non-payment pass. It is impossible for individual workers to approach the labour court — they neither have the time nor the money.

And the fact that they are not registered, keeps them from availing disability compensation as was the case with a worker Rakesh Kumar\*. A contractor, he worked for, pushed him off a multistoried building when he demanded his payment. The fall left Rakesh disabled and unfit to work. And all his savings were spent on his treatment. Were he registered, he could have availed disability compensation under the central scheme or either of the state government's social security scheme pertaining to the unorganized workers and artisans (Shatabdi Asangathit Kaamgar Evam Shilpkkaar Saamajik Suraksha Yojana) or the one specifically for construction workers (and workers in allied activities) (Bihar Bhawan Evam Sanirmaan Karmkaar Adhiniyam). The latter was floated because a need was felt



for more welfare provisions for those in the construction business.

Each state has its own social security schemes. Bihar's social security scheme provides scholarships and cash prizes for children of workers, financial assistance for marriages, maternity benefits, financial assistance for diseases, disability pension, old age and family pensions, compensation in the event of natural and accidental death, financial assistance for funeral/cremation, and grants for purchasing cycles and tools, and repairing homes.

“We are trying to liaison between the labour department and the labourers so that they get registered and are able to avail the schemes

that are made available to them,” said Rupesh of the Koshish Charitable Trust in Bihar. The organization has been working on labour issues as well as with the Right to Food Network. Apart from labour registration, there are other aspects of social security that Koshish is working towards. “Though the workers have ration cards, it is the families in the village that avails the facilities. For those in the city, buying basic food items burns a hole in their pocket. We are pushing for Portable Card for Access to Entitlement so that the labourers can get their share of ration in the place of their work— this is to ensure the much needed food security along with other social security benefits. And last but not the least, the need to implement the social security schemes with complete earnestness,” he said.

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